

**VILLAGE OF BALDWIN**

**BALDWIN, MICHIGAN**

**FEBRUARY 29, 2008**

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

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VILLAGE OF BALDWIN, MICHIGAN

FEBRUARY 29, 2008

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# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

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October 22, 2008

### **INDEPENDENT AUDITORS' REPORT**

To the President and Village Council  
Village of Baldwin, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Village of Baldwin, Michigan, as of and for the year ended February 29, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Baldwin, Michigan's, management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Baldwin, Michigan, as of February 29, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2008, on our consideration of the Village of Baldwin, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through xi and 35-36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepting in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Baldwin, Michigan's, basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Village. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

## VILLAGE OF BALDWIN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

#### **Management's Discussion and Analysis**

The management of the Village of Baldwin, Michigan ("the Village") offers this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 29, 2008 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Village's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

#### **Financial Highlights**

##### **Government-Wide**

- ❖ The assets of the Village exceeded its liabilities at the close of this fiscal year by \$13,275,722 (shown as *Net Assets*), representing a decrease of \$581,567 over the previous fiscal year. Governmental Funds represented a \$129,214 decrease and Business-Type activities accounted for a \$452,353 decrease.

##### **Fund Level Financial Highlights**

- ❖ As of February 29, 2008, the governmental funds of the Village of Baldwin reported combined ending fund balances of \$294,837, of which \$214,959 is unreserved.
- ❖ The unreserved fund balance of the Village's General Fund decreased this year to \$21,166.

##### **Long-Term Debt**

- ❖ The Village of Baldwin's total long-term debt increased by \$577,431 during the fiscal year.

#### **Overview of the Financial Statements**

The Village of Baldwin's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** This report includes government-wide statements as required by GASB Statement Number 34. The *government-wide financial statements* are designed to provide a broad overview of the Village's financial position. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the Village as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* (Pages 1-2) presents information on all of the Village's assets and liabilities, the difference between the two being reported as the Net Assets of the Village. Over

## VILLAGE OF BALDWIN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* (Page 3) gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the Village that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the Village include general government, public safety, major and local streets, public works, recreation and culture, other functions and debt service. Business-type activities of the Village include water and sewer utility services.

#### **Focus on Funds**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. The Village's major Governmental Funds include the General Fund, Major Street Fund, Local Street Fund, Fire Fund, and the Fire Hall Construction Fund. The major Proprietary Funds include the Water Fund and Sewer Fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Village of Baldwin uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds*** Many of the Village's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the Village include the General Fund as well as the special revenue, and capital project funds.



VILLAGE OF BALDWIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

***Proprietary Funds*** Proprietary funds account for services for which the Village charges its customers for the services they are provided. These charges can be to external customers or other agencies within the Village. There are two types of proprietary funds:

- Enterprise funds are used to report business-like activities of the Village. These activities intend to recover the full cost of the services through the fee charged to the customers. The Village has two enterprise funds, which are the Water Fund and Sewer Fund.
- Internal Service funds are the second type of proprietary funds. These funds provide services to other departments within the Village. This fund allows the Village to allocate costs of centralized services such as the Village's vehicles and equipment. The Village has one internal service fund.

***Component Units*** The Village's financial report includes reporting on separate legal entities for which the Village has some level of financial responsibility. These funds are shown in a separate column. The Village's only component unit is the Downtown Development Authority.

#### **Notes to the Financial Statements**

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

#### **Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Village's financial position over time. The Net Assets of the Village are \$13,275,722 at February 29, 2008, meaning that the Village's assets were greater than its liabilities by this amount. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

# VILLAGE OF BALDWIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

#### *Village of Baldwin*

#### *Net Assets*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Current and other assets	\$ 738,054	\$ 1,280,541	\$ 876,711	\$ 841,672	\$ 1,614,765	\$ 2,122,213
Capital Assets	1,793,996	897,489	14,343,765	14,730,319	16,137,761	15,627,808
<b>Total Assets</b>	<b><u>2,532,050</u></b>	<b><u>2,178,030</u></b>	<b><u>15,220,476</u></b>	<b><u>15,571,991</u></b>	<b><u>17,752,526</u></b>	<b><u>17,750,021</u></b>
Long-term liabilities	662,484	51,238	3,419,669	3,483,950	4,082,153	3,535,188
Other liabilities	204,835	332,847	189,816	24,697	394,651	357,544
<b>Total Liabilities</b>	<b><u>867,319</u></b>	<b><u>384,085</u></b>	<b><u>3,609,485</u></b>	<b><u>3,508,647</u></b>	<b><u>4,476,804</u></b>	<b><u>3,892,732</u></b>
Net Assets						
Invested in capital assets						
net of related debt	1,104,686	832,110	11,208,265	11,507,062	12,312,951	12,339,172
Restricted for Debt Service	0	0	345,663	340,316	345,663	340,316
Unrestricted	560,045	961,835	57,063	215,966	617,108	1,177,801
<b>Total Net Assets</b>	<b><u>\$ 1,664,731</u></b>	<b><u>\$ 1,793,945</u></b>	<b><u>\$ 11,610,991</u></b>	<b><u>\$ 12,063,344</u></b>	<b><u>\$ 13,275,722</u></b>	<b><u>\$ 13,857,289</u></b>

The most significant portion of the Village's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the Village used to acquire or construct the asset. The Village has \$617,108 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Village policies regarding their use.

The total net assets of the Village decreased \$581,567 this fiscal year, primarily due to the provision for depreciation in the Water and Sewer Funds.

The following table illustrates and summarizes the results of the changes in the Net Assets for the Village. The condensed information was derived from the Government-Wide Statement of Activities.

VILLAGE OF BALDWIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

*Village of Baldwin*  
*Change in Net Assets*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b><u>Revenues</u></b>						
<b>Program Revenues</b>						
Charges for Services	\$ 71,063	\$ 1,484	\$ 553,765	\$ 493,044	\$ 624,828	\$ 494,528
Operating Grants and Contributions	124,675	250,474	0	0	124,675	250,474
Capital Grants	1,962	95,954	0	46,981	1,962	142,935
<b>General Revenues</b>						
Property Taxes	154,605	153,528	0	0	154,605	153,528
State Shared Revenue	110,992	112,340	0	0	110,992	112,340
Investment Earnings	25,209	31,585	30,407	28,711	55,616	60,296
Other	15,418	13,204	0	0	15,418	13,204
<b>Total Revenues</b>	<b>503,924</b>	<b>658,569</b>	<b>584,172</b>	<b>568,736</b>	<b>1,088,096</b>	<b>1,227,305</b>
<b><u>Expenses</u></b>						
General Government, Administrative	95,474	112,274	0	0	95,474	112,274
Public Safety	134,873	116,560	0	0	134,873	116,560
Public Works	174,913	153,611	0	0	174,913	153,611
Culture and Recreation	68,235	49,431	0	0	68,235	49,431
Other Functions	146,534	127,846	0	0	146,534	127,846
Interest on Long-Term Debt	13,109	4,384	0	0	13,109	4,384
Water and Sewer	0	0	1,036,525	948,846	1,036,525	948,846
<b>Total Expenses</b>	<b>633,138</b>	<b>564,106</b>	<b>1,036,525</b>	<b>948,846</b>	<b>1,669,663</b>	<b>1,512,952</b>
Change in Net Assets	(129,214)	94,463	(452,353)	(380,110)	(581,567)	(285,647)
Beginning Net Assets	1,793,945	1,699,482	12,063,344	12,443,454	13,857,289	14,142,936
Ending Net Assets	\$ 1,664,731	\$ 1,793,945	\$ 11,610,991	\$ 12,063,344	\$ 13,275,722	\$ 13,857,289

### Governmental Activities

The most significant portion of the revenue for all governmental activities of the Village of Baldwin comes from property taxes. Property taxes are a significant portion of the revenue for all governmental activities of the Village. The Village's operating millage in 2007 was 14.2831 mills. The Village's charter allows the Village to levy up to 15.0 mills for operations. Due to State statutes and the Headlee Rollback provisions, the Village is currently at its maximum tax levy, and is unable to increase the millage without the approval of the voters.

## VILLAGE OF BALDWIN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In 2008, the amount of state shared revenue received by the Village once again trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

The Village's governmental activities expenses of \$633,138 are dominated by the Public Works expenses of \$174,913 which are primarily expenses related to infrastructure and general village maintenance and improvements and Other Functions expenses of \$146,534 which are primarily fringe benefits for the employees of the Village. The Village spent \$134,873 on Public Safety and \$95,474 on General Government expenses.

#### **Business-Type Activities**

The Village's business-type activities accounted for a decrease of \$452,353 in the Village's Net Assets, leaving the Village's net assets from business-type activities for the fiscal year ended February 29, 2008 at \$11,610,991.

The Business-type activities of the Village include the Water Fund and Sewer Fund, which provide water and sewer utility services to Village residents as well as commercial customers.

The Water and Sewer activities represent the business-type activities of the Village. Water activity accounts for \$324,223 of the total business-type activities expenses of \$1,036,525 and \$193,480 of the total revenues of the business-type activities of \$584,172. Sewer activity accounts for \$712,302 of the total business-type expenses and \$390,692 of the total revenues of the business-type activities.

#### **Financial Analysis of the Government's Funds**

***Governmental Activities*** At the completion of the Village's fiscal year ended February 29, 2008, its governmental funds reported fund balances of \$294,837. Of this amount, \$21,166 is unreserved in the General Fund. An additional \$193,793 of the fund balance is unreserved in the Village's Special Revenue funds and the Capital Projects Fund, with \$2,916 designated for construction on the fire hall and the remaining \$190,877 undesignated. The remaining \$79,878 of fund balance of the governmental funds is reserved for specific purposes and is therefore not available for new appropriation.

**General Fund** – The General Fund is the main operating fund of the Village. The General Fund decreased its fund balance in this fiscal year by \$305,207, bringing the balance to \$36,153. \$230,000 of the decrease was due to a transfer to the Fire Hall Construction Fund to help pay for the new village hall/fire barn building. Property tax revenues in the General Fund increased \$18,005 in 2008. State shared revenue decreased by \$1,354 from the amount received in the previous fiscal year, which resulted from State actions in response to the economic slowdown experienced throughout the State.

## VILLAGE OF BALDWIN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

**Major Street Fund** – The Major Street Fund completed \$6,506 in street construction and improvements in this fiscal year. The fund balance of the Major Street Fund ended the year at \$115,634. This was an increase of \$47,322 from the previous year. The Village used funds accumulated from previous years in order to complete this year's projects.

**Local Street Fund** – The Local Street Fund saw an increase in expenditures of \$4,811 in this fiscal year. State grant funds provided \$35,270 of Act 51 revenue and the Telecommunications Right of Way Maintenance provided an additional \$4,770 of revenue. The fund balance of this fund is at \$20,063.

**Fire Fund** – The Fire Fund saw a decrease in fund balance of \$92,634 during the fiscal year. The main reason for this decrease was due to a \$100,200 transfer to the Fire Hall Construction Fund. The fund balance of this fund is \$70,328.

**Fire Hall Construction Fund** – The Village financed construction of a new village hall/fire barn building at a total cost, including furnishings and equipment of \$962,712. The General Fund provided \$230,000 and the Fire Fund provided \$100,200 towards this project. The balance of the funds came from a U. S. Department of Agriculture – Rural Development loan.

**Proprietary Funds** The Village's proprietary funds provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

**Water Fund** – The Water Fund ended this fiscal year with negative \$23,032 in unrestricted net assets. Charges for services yielded an overall increase in operating revenues of \$17,686 for the fiscal year. This fund experienced a decrease in interest income of \$762 from the previous fiscal year. The net assets of this fund decreased by \$130,743 in 2008.

**Sewer Fund** – The Sewer Fund ended this fiscal year with \$80,095 in unrestricted net assets. Charges for services yielded an overall increase in operating revenues of \$43,335. This fund experienced an increase in interest income of \$2,458 from the previous fiscal year. The net assets of this fund decreased by \$321,610 in 2008.

#### **Capital Asset and Debt Administration**

**Capital Assets.** The Village's investment in capital assets for the governmental and business-type activities as of February 29, 2008 amounted to \$16,137,761 (net of accumulated depreciation). Capital assets of the Village include any items purchased that cost in excess of \$1,000 and have an expected useful life of over one year. The Village has invested in a broad range of capital assets, as detailed below:

VILLAGE OF BALDWIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

*Village of Baldwin*  
*Capital Assets as of February 29, 2008*

	Governmental Activities	Business-Type Activities	Total Primary Government
Land	\$ 159,984	\$ 49,080	\$ 209,064
Buildings	1,089,404	0	1,089,404
Land Improvements	125,904	0	125,904
Machinery and Equipment	974,682	69,317	1,043,999
Infrastructure	280,027	0	280,027
Water and Sewer Systems	0	17,826,131	17,826,131
<b>Subtotal</b>	<b>2,630,001</b>	<b>17,944,528</b>	<b>20,574,529</b>
Accumulated Depreciation	(836,005)	(3,600,763)	(4,436,768)
<b>Net Capital Assets</b>	<b>\$ 1,793,996</b>	<b>\$ 14,343,765</b>	<b>\$ 16,137,761</b>

Major capital asset events during fiscal year included the following:

- Land purchased for \$15,479.
- Built a new fire hall/village office for \$955,840.
- New furniture, cabinets, desks and security system for the fire hall/village office for a combined amount of \$6,213.

Additional information regarding the Village's capital assets can be found in the Notes to Financial Statements section on pages 25 and 26.

VILLAGE OF BALDWIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

Following is a summary of the Village's long term debt:

***Village of Baldwin Outstanding Debt  
Contracts and Revenue Bonds  
as of February 29, 2008***

	Governmental Activities	Business-Type Activities	Total Primary Government
Contracts and Notes	\$ 50,310	\$ 0	\$ 50,310
Limited Tax, Full Faith and Credit Bonds	639,000	0	639,000
Revenue Bonds	0	3,135,500	3,135,500
Total	\$ 689,310	\$ 3,135,500	\$ 3,824,810

The Village issued a new bonded debt in FY2008 for the construction of the fire hall/village offices. The total debt increased from \$3,247,379 at February 28, 2007, to \$3,824,810 at February 29, 2008. The new debt incurred totaled \$650,000 and the debt paid amounted to \$72,569, making up the total increase of \$577,431. More information on the Village's long-term debt is available in the Notes to Financial Statements section of this document, on pages 28-31.

**Contacting the Village's Finance Department**

This financial report is designed to provide the wide variety of users of this document with a general overview of the Village's finances and demonstrate the Village's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Village of Baldwin, P.O. Box 339, Baldwin, Michigan 49304, or call us at (231) 745-3587.

VILLAGE OF BALDWIN, MICHIGAN

STATEMENT OF NET ASSETS

FEBRUARY 29, 2008

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
<u>ASSETS</u>				
Cash	\$ 567,283	\$ 800,620	\$ 1,367,903	\$ 104,139
Receivables				
Taxes	33,885	0	33,885	195,227
Accounts	0	37,407	37,407	0
Due from Other Governments	83,960	0	83,960	0
Prepaid Expenses	34,926	12,814	47,740	0
Total Current Assets	720,054	850,841	1,570,895	299,366
<u>CAPITAL ASSETS</u>				
Land	159,984	49,080	209,064	0
Buildings	1,089,404	0	1,089,404	0
Land Improvements	125,904	0	125,904	1,584,922
Machinery and Equipment	974,682	69,317	1,043,999	0
Infrastructure	280,027	0	280,027	0
Improvements Other Than Buildings	0	17,826,131	17,826,131	0
	2,630,001	17,944,528	20,574,529	1,584,922
Less Accumulated Depreciation	836,005	3,600,763	4,436,768	163,970
Net Capital Assets	1,793,996	14,343,765	16,137,761	1,420,952
<u>OTHER ASSETS</u>				
Deferred Charge - Bond Issuance Costs	18,000	25,870	43,870	0
TOTAL ASSETS	\$ 2,532,050	\$ 15,220,476	\$17,752,526	\$ 1,720,318

The accompanying notes are an integral part of the financial statements.



	PRIMARY GOVERNMENT			
	GOVERNMENTAL	BUSINESS		COMPONENT
	ACTIVITIES	TYPE	TOTALS	UNIT
	ACTIVITIES	ACTIVITIES		
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 5,851	\$ 12,130	\$ 17,981	\$ 0
Accrued Expenses	2,255	0	2,255	0
Due to Other Governments	91,488	0	91,488	3,728
Internal Balances	(108,986)	108,986	0	0
Accrued Interest	1,413	19,200	20,613	17,106
Deferred Revenue	185,988	0	185,988	0
Current Portion of Long-Term Debt	26,826	49,500	76,326	50,000
Total Current Liabilities	204,835	189,816	394,651	70,834
<u>LONG-TERM LIABILITIES</u>				
Deferred Revenue	0	333,669	333,669	0
Bonds Payable	628,000	3,086,000	3,714,000	735,000
Notes Payable	34,484	0	34,484	0
Total Long-Term Liabilities	662,484	3,419,669	4,082,153	735,000
TOTAL LIABILITIES	867,319	3,609,485	4,476,804	805,834
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	1,104,686	11,208,265	12,312,951	635,952
Restricted for Debt Service	0	345,663	345,663	433
Unrestricted	560,045	57,063	617,108	278,099
TOTAL NET ASSETS	\$ 1,664,731	\$ 11,610,991	\$ 13,275,722	\$ 914,484

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED FEBRUARY 29, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNIT
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<u>PRIMARY GOVERNMENT</u>								
<u>GOVERNMENTAL ACTIVITIES</u>								
General Government, Administrative	\$ 95,474	\$ 0	\$ 0	\$ 0	\$ (95,474)	\$ 0	\$ (95,474)	\$ 0
Public Safety	134,873	71,063	0	0	(63,810)	0	(63,810)	0
Public Works	174,913	0	105,241	1,962	(67,710)	0	(67,710)	0
Culture and Recreation	68,235	0	19,434	0	(48,801)	0	(48,801)	0
Other Functions	146,534	0	0	0	(146,534)	0	(146,534)	0
Interest on Long-Term Debt	13,109	0	0	0	(13,109)	0	(13,109)	0
Total Governmental Activities	633,138	71,063	124,675	1,962	(435,438)	0	(435,438)	0
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and Sewer Systems	1,036,525	553,765	0	0	0	(482,760)	(482,760)	0
TOTAL PRIMARY GOVERNMENT	\$ 1,669,663	\$ 624,828	\$ 124,675	\$ 1,962	(435,438)	(482,760)	(918,198)	0
<u>COMPONENT UNIT</u>								
Downtown Development Authority	\$ 97,505	\$ 0	\$ 0	\$ 0	0	0	0	(97,505)
<u>GENERAL REVENUES</u>								
Property Taxes					154,605	0	154,605	195,227
State Shared Revenue					110,992	0	110,992	0
Investment Earnings					25,209	30,407	55,616	2,620
Other					15,418	0	15,418	0
Total General Revenues					306,224	30,407	336,631	197,847
Change in Net Assets					(129,214)	(452,353)	(581,567)	100,342
NET ASSETS - Beginning of Year					1,793,945	12,063,344	13,857,289	814,142
NET ASSETS - End of Year					\$ 1,664,731	\$ 11,610,991	\$ 13,275,722	\$ 914,484

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN  
GOVERNMENTAL FUNDS

BALANCE SHEET  
FEBRUARY 29, 2008

	MAJOR FUNDS					NONMAJOR FUND	
	GENERAL	MAJOR STREET	LOCAL STREET	FIRE	FIRE HALL CONSTRUCTION	1990 HOUSING REHAB	TOTALS
<u>ASSETS</u>							
Cash	\$ 92,010	\$ 198,455	\$ 15,325	\$ 52,133	\$ 2,916	\$ 49,743	\$ 410,582
Receivables							
Taxes	33,885	0	0	0	0	0	33,885
Due from Other Funds	31,016	91,305	2,252	0	0	0	124,573
Due from Other Governments	22,486	13,192	7,152	41,130	0	0	83,960
Prepaid Expenses	14,987	68	119	14,961	0	0	30,135
TOTAL ASSETS	<u>\$ 194,384</u>	<u>\$ 303,020</u>	<u>\$ 24,848</u>	<u>\$ 108,224</u>	<u>\$ 2,916</u>	<u>\$ 49,743</u>	<u>\$ 683,135</u>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>LIABILITIES</u>							
Accounts Payable	\$ 264	\$ 0	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 5,264
Accrued Expenses	2,255	0	0	0	0	0	2,255
Due to Other Funds	30,339	1,398	4,785	12,837	0	0	49,359
Due to Other Governments	91,488	0	0	0	0	0	91,488
Deferred Revenue	33,885	185,988	0	20,059	0	0	239,932
Total Liabilities	<u>158,231</u>	<u>187,386</u>	<u>4,785</u>	<u>37,896</u>	<u>0</u>	<u>0</u>	<u>388,298</u>
<u>FUND BALANCES</u>							
Reserved for:							
Community Development	0	0	0	0	0	49,743	49,743
Prepaid Expenses	14,987	68	119	14,961	0	0	30,135
Unreserved, Designated for							
Fire Barn/Village Hall	0	0	0	0	2,916	0	2,916
Unreserved, Undesignated Reported In:							
General Fund	21,166	0	0	0	0	0	21,166
Special Revenue Funds	0	115,566	19,944	55,367	0	0	190,877
Total Fund Balance	<u>36,153</u>	<u>115,634</u>	<u>20,063</u>	<u>70,328</u>	<u>2,916</u>	<u>49,743</u>	<u>294,837</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 194,384</u>	 <u>\$ 303,020</u>	 <u>\$ 24,848</u>	 <u>\$ 108,224</u>	 <u>\$ 2,916</u>	 <u>\$ 49,743</u>	 <u>\$ 683,135</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN  
GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
FEBRUARY 29, 2008

Total Fund Balances for Governmental Funds	\$ 294,837
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Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Land	\$ 159,984	
Buildings	1,089,404	
Land Improvements	125,904	
Machinery and Equipment	631,418	
Infrastructure	280,027	
Accumulated Depreciation	<u>(592,404)</u>	1,694,333

Governmental funds expense issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	18,000
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Internal service funds are used by management to charge costs of certain activities, such as the motor pool, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets	294,340
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Balance of receivables at February 29, 2008, expected to be collected after May 1, 2008, and, therefore, are deferred in the governmental funds.	
Personal Property Taxes Receivable	33,885
Fire Contracts Receivable	<u>20,059</u>
	53,944

Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(1,413)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds Payable	(639,000)
Notes Payable	<u>(50,310)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,664,731</u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN  
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED FEBRUARY 29, 2008

	MAJOR FUNDS					NONMAJOR FUND	
	GENERAL	MAJOR STREET	LOCAL STREET	FIRE	FIRE HALL CONSTRUCTION	1990 HOUSING REHAB	TOTALS
<u>REVENUES</u>							
Taxes	\$ 162,856	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 162,856
Licenses and Permits	1,050	0	0	0	0	0	1,050
State Grants	106,222	71,933	40,040	0	0	0	218,195
Charges for Services	11,760	0	0	125,083	0	0	136,843
Interest and Rents	6,476	11,612	859	4,403	4,014	1,857	29,221
Other Revenue	30,838	0	0	2	0	0	30,840
Total Revenues	319,202	83,545	40,899	129,488	4,014	1,857	579,005
<u>EXPENDITURES</u>							
Legislative	3,230	0	0	0	0	0	3,230
General Government	105,534	0	0	0	0	1,300	106,834
Public Safety	5,543	0	0	82,916	962,712	0	1,051,171
Public Works	67,462	36,223	46,373	0	0	0	150,058
Culture and Recreation	66,106	0	0	0	0	0	66,106
Other Functions	146,534	0	0	0	18,000	0	164,534
Debt Service	0	0	0	39,006	230	0	39,236
Total Expenditures	394,409	36,223	46,373	121,922	980,942	1,300	1,581,169
Excess (Deficiency) of Revenues Over Expenditures	(75,207)	47,322	(5,474)	7,566	(976,928)	557	(1,002,164)

The accompanying notes are an integral part of the financial statements.

	MAJOR FUNDS					NONMAJOR FUND	
	GENERAL	MAJOR STREET	LOCAL STREET	FIRE	FIRE HALL CONSTRUCTION	1990 HOUSING REHAB	TOTALS
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers In (Out)	(230,000)	0	0	(100,200)	330,200	0	0
Debt Issuance	0	0	0	0	649,644	0	649,644
Total Other Financing Sources (Uses)	(230,000)	0	0	(100,200)	979,844	0	649,644
Net Change in Fund Balances	(305,207)	47,322	(5,474)	(92,634)	2,916	557	(352,520)
<u>FUND BALANCES</u> - Beginning of Year	341,360	68,312	25,537	162,962	0	49,186	647,357
<u>FUND BALANCES</u> - End of Year	\$ 36,153	\$ 115,634	\$ 20,063	\$ 70,328	\$ 2,916	\$ 49,743	\$ 294,837

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN  
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED FEBRUARY 29, 2008

Net change in Fund Balance - Total Governmental Funds	\$ (352,520)
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures. These costs are allocated over their estimated useful lives as depreciation in the statement of activities.	
Depreciation Expense	(57,521)
Capital Outlay	977,532
Repayments of principal on long-term debt are an expenditure in the governmental funds, but not in the statement of activities (where they are a reduction of liabilities).	
	25,713
Proceeds of long-term debt issuance are an other financing source in the governmental funds, but not in the statement of activities where they are an increase in liabilities.	
	(649,644)
Governmental funds report bond issuance costs as a current expense. In the entity wide financial statements, they are capitalized as a deferred charge and amortized over the life of the bonds.	
	18,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in personal property tax revenue deferred using the modified accrual method.	(8,251)
Change in fire contract revenue deferred using the modified accrual method.	(66,830)
Accrued interest payable is recorded in the statement of activities when incurred; it is not recorded in the governmental funds until it is paid	
Accrued Interest Payable - Beginning of Year	1,827
Accrued Interest Payable - End of Year	(1,413)
Internal service funds are used by management to charge costs of the motor pool to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities.	
	<u>(16,107)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (129,214)</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
FEBRUARY 29, 2008

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE</u>			INTERNAL
	MAJOR FUNDS			SERVICE
	WATER	SEWER	TOTAL	FUND
<hr/>				
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 193,445	\$ 607,175	\$ 800,620	\$ 156,701
Receivables				
Accounts	13,159	24,248	37,407	0
Due from Other Funds	3,754	50,157	53,911	33,772
Prepaid Expenses	3,207	9,607	12,814	4,791
	<hr/>			
Total Current Assets	213,565	691,187	904,752	195,264
	<hr/>			
<u>NONCURRENT ASSETS</u>				
<u>CAPITAL ASSETS</u>				
Land	13,813	35,267	49,080	0
Water and Sewer Systems	6,727,922	11,098,209	17,826,131	0
Machinery and Equipment	36,215	33,102	69,317	343,264
	6,777,950	11,166,578	17,944,528	343,264
Less Accumulated Depreciation	1,493,471	2,107,292	3,600,763	243,601
Net Capital Assets	5,284,479	9,059,286	14,343,765	99,663
	<hr/>			
<u>OTHER ASSETS</u>				
Deferred Charge - Bond Issuance Costs	0	25,870	25,870	0
	<hr/>			
TOTAL ASSETS	5,498,044	9,776,343	15,274,387	294,927

The accompanying notes are an integral part of the financial statements.



	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE</u>			<u>INTERNAL</u>
	<u>MAJOR FUNDS</u>			<u>SERVICE</u>
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	<u>FUND</u>
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 12,130	\$ 12,130	\$ 587
Due to Other Funds	59,958	102,939	162,897	0
Accrued Interest Payable	19,200	0	19,200	0
Current Portion of Long-Term Debt	23,000	26,500	49,500	0
Total Current Liabilities	102,158	141,569	243,727	587
<u>LONG-TERM LIABILITIES</u>				
Deferred Revenue	0	333,669	333,669	0
Revenue Bonds Payable (Net of Current Portion)	1,433,000	1,653,000	3,086,000	0
Total Long-Term Liabilities	1,433,000	1,986,669	3,419,669	0
TOTAL LIABILITIES	1,535,158	2,128,238	3,663,396	587
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	3,828,479	7,379,786	11,208,265	99,663
Restricted for Debt Service	157,439	188,224	345,663	0
Unrestricted	(23,032)	80,095	57,063	194,677
TOTAL NET ASSETS	\$ 3,962,886	\$ 7,648,105	\$ 11,610,991	\$ 294,340

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
YEAR ENDED FEBRUARY 29, 2008

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE</u>			<u>INTERNAL</u>
	<u>MAJOR FUNDS</u>			<u>SERVICE</u>
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	<u>FUND</u>
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 188,471	\$ 364,144	\$ 552,615	\$ 49,275
<u>OPERATING EXPENSES</u>				
Wages and Fringe Benefits	55,966	111,870	167,836	0
Office Supplies	550	563	1,113	0
Postage	965	765	1,730	0
Professional Services	17,500	1,914	19,414	1,200
Contracted Services-Operations Assistant	0	4,937	4,937	0
Lab Fee - Samples	2,734	3,650	6,384	0
Operating Supplies	1,708	33,326	35,034	1,886
Gasoline and Oil	0	0	0	18,996
Insurance	4,638	12,102	16,740	4,565
Utilities	18,641	93,478	112,119	3,377
Repairs and Maintenance	3,892	30,460	34,352	19,778
Equipment Rental	2,729	3,728	6,457	0
Alarm System Rent and Telephone	1,408	4,868	6,276	0
Education and Training	956	260	1,216	0
Depreciation	146,723	239,831	386,554	23,504
Dues and Fees	405	0	405	0
Miscellaneous	1,157	0	1,157	0
Total Operating Expenses	259,972	541,752	801,724	73,306
Operating Income (Loss)	(71,501)	(177,608)	(249,109)	(24,031)
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest Income	4,759	25,648	30,407	7,924
Interest Expense	(64,251)	(79,306)	(143,557)	0
Webber Township Refunds	0	(90,359)	(90,359)	0
Amortization	0	(885)	(885)	0
Connection Fees	250	900	1,150	0
Total Nonoperating Revenues (Expenses)	(59,242)	(144,002)	(203,244)	7,924
Change in Net Assets	(130,743)	(321,610)	(452,353)	(16,107)
<u>TOTAL NET ASSETS</u> - Beginning of Year	4,093,629	7,969,715	12,063,344	310,447
<u>TOTAL NET ASSETS</u> - End of Year	\$ 3,962,886	\$ 7,648,105	\$ 11,610,991	\$ 294,340

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN

ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 29, 2008

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE</u>			INTERNAL
	MAJOR FUNDS			SERVICE
	WATER	SEWER	TOTAL	FUND
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 189,954	\$ 347,323	\$ 537,277	\$ 0
Cash Received from Interfund Services Provided	0	0	0	67,338
Cash Payments to Suppliers for Goods and Services	(134,421)	(201,508)	(335,929)	(53,289)
Webber Township Refunds	0	(90,359)	(90,359)	0
Net Cash Provided by (Used for) Operating Activities	55,533	55,456	110,989	14,049
Cash Flows from Capital and Related Financing Activities:				
User Contributions	250	900	1,150	0
Principal Paid on Bonds	(22,000)	(24,500)	(46,500)	0
Interest Paid on Bonds	(64,451)	(79,306)	(143,757)	0
Net Cash Provided by (Used for) Capital and Related Financing Activities	(86,201)	(102,906)	(189,107)	0
Cash Flows from Investing Activities				
Interest Income	4,759	25,648	30,407	7,924
Net Increase (Decrease) in Cash and Cash Equivalents	(25,909)	(21,802)	(47,711)	21,973
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	219,354	628,977	848,331	134,728
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 193,445	\$ 607,175	\$ 800,620	\$ 156,701

The accompanying notes are an integral part of the financial statements.

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE</u>			INTERNAL
	<u>MAJOR FUNDS</u>			SERVICE
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	<u>FUND</u>
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	\$ (71,501)	\$ (177,608)	\$ (249,109)	\$ (24,031)
Adjustments to Reconcile Operating Income to Net				
Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	146,723	239,831	386,554	23,504
Webber Township Refunds	0	(90,359)	(90,359)	0
(Increase) Decrease in Current Assets				
Accounts Receivable	(2,517)	(2,040)	(4,557)	0
Prepaid Expenses	(121)	(355)	(476)	(226)
Due from Other Funds	0	(1,302)	(1,302)	18,063
Increase (Decrease) in Current Liabilities				
Accounts Payable	0	12,076	12,076	587
Due to Other Funds	(17,051)	89,994	72,943	(3,848)
Deferred Revenue	0	(14,781)	(14,781)	0
Total Adjustments	127,034	233,064	360,098	38,080
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 55,533	\$ 55,456	\$ 110,989	\$ 14,049

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN  
COMPONENT UNIT

STATEMENT OF NET ASSETS  
FEBRUARY 29, 2008

	<u>DOWNTOWN DEVELOPMENT AUTHORITY</u>
<u>ASSETS</u>	
Cash	\$ 104,139
Receivables	
Taxes	<u>195,227</u>
Total Current Assets	<u>299,366</u>
<u>CAPITAL ASSETS</u>	
Land Improvements	1,584,922
Less Accumulated Depreciation	<u>(163,970)</u>
Net Capital Assets	<u>1,420,952</u>
TOTAL ASSETS	<u>1,720,318</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Due to Other Governments	3,728
Accrued Interest	17,106
Current Portion of Long-Term Debt	<u>50,000</u>
Total Current Liabilities	<u>70,834</u>
<u>LONG-TERM LIABILITIES</u>	
General Obligation Bonds	785,000
Less: Current Portion	<u>(50,000)</u>
Total Long-Term Liabilities	<u>735,000</u>
TOTAL LIABILITIES	<u>805,834</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	635,952
Restricted for Debt Service	433
Unrestricted	<u>278,099</u>
TOTAL NET ASSETS	<u><u>\$ 914,484</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN  
COMPONENT UNIT

STATEMENT OF ACTIVITIES  
YEAR ENDED FEBRUARY 29, 2008

PROGRAM REVENUES

	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	TOTALS
Downtown Development Authority	\$ 97,505	\$ 0	\$ 0	\$ (97,505)

GENERAL REVENUES

Property Taxes	195,227
Unrestricted Investment Earnings	2,620
Total General Revenues	197,847
Change in Net Assets	100,342
<u>NET ASSETS</u> - Beginning of Year	814,142
<u>NET ASSETS</u> - End of Year	\$ 914,484

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Village of Baldwin, Michigan, is a general law village incorporated under the General Village Act of 1895. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the primary government.

**BLENDED COMPONENT UNITS**

The Village has no blended component units.

**DISCRETELY PRESENTED COMPONENT UNITS**

Downtown Development Authority (DDA) – The DDA was established pursuant to the provisions of Act No. 197 of the Public Acts of Michigan 1975. The members of the governing board of the Downtown Development Authority are appointed by the Village Council. The Authority's operational and capital budgets must be approved by the Village Council.

Financial statements of the individual component unit are included as supplemental information in the annual financial report of the Village of Baldwin, Michigan. The component unit does not issue a separate financial report.

**B. Government-wide and Fund Financial Statements**

During fiscal year 2005, the Village adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in Capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

VILLAGE OF BALDWIN, MICHIGAN

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*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.



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Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Village of Baldwin reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares.

The *Local Street Fund* receives all local street money paid to the Village by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

The *Fire Fund* accounts for activities related to the Village fire department activities.

The *Fire Hall Construction Fund* accounts for the construction of the new fire barn/village hall building.

The Village of Baldwin reports the following major proprietary funds:

The *Water Fund and Sewer Fund* record financial activity of the water system which provides water to customers and the operations of the Village's sanitary sewer system.

Additionally the Village of Baldwin reports the following fund types:

*Internal Service Funds* account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

VILLAGE OF BALDWIN, MICHIGAN

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Funds and of the Village's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

***1. Deposits and Investments***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - The Village's investment policy is in compliance with state law and authorizes the Village to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposit, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a funds portfolio in accordance with state statutes.

***2. Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual

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balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. Village taxes are levied and due July 1, and become delinquent after September 15. Village property tax revenues are recognized when they become both measurable and available for use to finance Village operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2007 taxable valuation of the Village of Baldwin totaled \$16,230,571, on which ad valorem taxes levied consisted of 14.2831 mills for the Village of Baldwin operating purposes. The Downtown Development Authority captures and retains \$6,405,321 of this taxable value from the Village. The Downtown Development Authority also captures taxes from Webber Township, Pleasant Plains Township and Lake County.

***3. Inventories and Prepaid Items***

The Village does not maintain any material inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

***4. Restricted Assets***

Certain resources of the Water and Sewer Funds which are set aside for repayment of revenue bonds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “bond redemption” and the “bond reserve” account are used to report resources set aside to make current debt service payments and to make up potential future deficiencies in the funds available for debt service. The “bond replacement” account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

***5. Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, as well as the component unit are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Infrastructure	50
Land Improvements	20-50
Machinery and Equipment	5-10
Vehicles	5-10

The Village qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Village began to capitalize and depreciate infrastructure beginning March 1, 2004, in accordance with the Village's capitalization policy.

**6. *Compensated Absences***

It is the government's policy to permit employees to accumulate earned but unused sick pay benefits. No liability is reported for nonvesting, unpaid accumulated sick leave. Accumulated amounts are immaterial and do not exceed normal annual amounts.

**7. *Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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***9. Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

1. Prior to March 1, the Village treasurer submits to the Village Council a proposed operating budget for all governmental funds for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. The Village Council holds a public hearing and adopts a resolution approving the budgets.
3. All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the Village Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.
4. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the Village Council from time to time throughout the year. The Village did not amend the budget during the current fiscal year. An annual budget was not adopted for the Fire Hall Construction capital project fund.
6. Encumbrance accounting is not employed in governmental funds.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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**B. Major funds with expenditures in excess of appropriations were as follows:**

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>
General Fund			
Public Safety	\$ 2,100	\$	5,543
Culture and Recreation	53,300		66,106
Other Functions	100,500		146,534
Fire Fund	112,000		121,922

No budget was adopted for the 1990 Housing Rehabilitation Fund or the Fire Hall Construction Fund.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Investment rate risk.* The Village minimizes Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Village's cash requirement.

*Foreign currency risk.* The Village is not authorized to invest in investments which have this type of risk.

*Credit risk.* The Village minimizes Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in Section 9 of the Village's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Village will do business in accordance with Section 7 of the Village's investment policy.

*Concentration of credit risk.* The Village minimizes Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of February 29, 2008, \$731,111 of the government's bank balance of \$1,593,624 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of the same date the discretely presented component unit had \$4,139 of the total bank balance of \$104,139 exposed to custodial credit risk.

VILLAGE OF BALDWIN, MICHIGAN

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*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investments are categorized to give an indication of the level of risk assumed by the Village at year end. Category 1 includes investments that are insured or registered, or securities held by the Village or the Village's agent in the Village's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Village's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Village's name. At year end, the Village held no investments.

A reconciliation of cash and investments follows:

	PRIMARY GOVERNMENT	COMPONENT UNIT
Carrying amount of Deposits	\$ 1,367,903	\$ 104,139

**B. Receivables**

Receivables as of year end for the government's individual major funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Major Streets	Local Streets	Fire	Water	Sewer	Total
Receivables							
Taxes	\$ 33,885	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	33,885
Accounts	0	0	0	0	13,159	24,248	37,407
Other Governments	22,486	13,192	7,152	41,130	0	0	83,960
Receivables	\$ 56,371	\$ 13,192	\$ 7,152	\$ 41,130	\$ 13,159	\$ 24,248	\$ 155,252

By ordinance, the Village can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

Various funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

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NOTES TO FINANCIAL STATEMENTS

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	Unavailable	Unearned
Grant Receipts Received, But Not Yet Utilized	\$ 0	\$ 185,988
Charges for Services	0	333,669
Property Taxes	53,944	0
	<u>\$ 53,944</u>	<u>\$ 519,657</u>

**C. Capital Assets**

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 144,505	\$ 15,479	\$ 0	\$ 159,984
Capital assets, being depreciated				
Buildings	133,564	955,840	0	1,089,404
Land Improvements	125,904	0	0	125,904
Machinery and Equipment	625,205	6,213	0	631,418
Infrastructure	280,027	0	0	280,027
Total capital assets, being depreciated	1,164,700	962,053	0	2,126,753
Less accumulated depreciation for				
Buildings	(51,759)	(8,730)	0	(60,489)
Land Improvements	(63,212)	(3,474)	0	(66,686)
Machinery and Equipment	(414,514)	(38,891)	0	(453,405)
Infrastructure	(5,398)	(6,426)	0	(11,824)
Total accumulated depreciation	(534,883)	(57,521)	0	(592,404)
Total capital assets, being depreciated, net	629,817	904,532	0	1,534,349
Governmental activities capital assets, net	\$ 774,322	\$ 920,011	\$ 0	1,694,333
Internal Service Fund net capital assets				99,663
Net Capital Assets per Statement of Net Assets				\$ <u>1,793,996</u>



VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
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	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 49,080	\$ 0	\$ 0	\$ 49,080
Capital assets, being depreciated				
Improvements Other Than Buildings	17,826,131	0	0	17,826,131
Machinery and Equipment	69,317	0	0	69,317
Total capital assets, being depreciated	17,895,448	0	0	17,895,448
Less accumulated depreciation for				
Improvements Other Than Buildings	(3,160,980)	(374,651)	0	(3,535,631)
Machinery and Equipment	(53,229)	(11,903)	0	(65,132)
Total accumulated depreciation	(3,214,209)	(386,554)	0	(3,600,763)
Total capital assets, being depreciated, net	14,681,239	(386,554)	0	14,294,685
Business-type activities capital assets, net	\$ 14,730,319	\$ (386,554)	\$ 0	\$ 14,343,765
Governmental activities:				
General Government				\$ 4,715
Public Safety				41,446
Public Works				9,837
Culture and Recreation				1,523
Total depreciation expense - governmental activities				\$ 57,521
Business-type activities:				
Water				\$ 146,723
Sewer				239,831
Water and Sewer				\$ 386,554

Component Unit

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, being depreciated				
Land Improvements	\$ 1,584,922	\$ 0	\$ 0	\$ 1,584,922
Less accumulated depreciation	(132,115)	(31,855)	0	(163,970)
Governmental activities capital assets, net	\$ 1,452,807	\$ (31,855)	\$ 0	\$ 1,420,952
Depreciation Expense				
Public Works				\$ 31,855

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

**D. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at February 29, 2008, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 31,016	30,339
Special Revenue Funds		
Major Street Fund	91,305	1,398
Local Street Fund	2,252	4,785
Fire Fund	0	12,837
Enterprise Funds		
Water Fund	3,754	59,958
Sewer Fund	50,157	102,939
Internal Service Fund		
Equipment Fund	33,772	0
	<u>\$ 212,256</u>	<u>\$ 212,256</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at February 29, 2008, are expected to be repaid within one year.

Interfund Transfers as of February 29, 2008, were:

	<u>TRANSFERS</u>	
	<u>IN</u>	<u>OUT</u>
Primary Government		
General Fund	\$ 0	\$ 230,000
Fire Fund	0	100,200
Fire Hall Construction Fund	330,200	0
	<u>\$ 330,200</u>	<u>\$ 330,200</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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**E. Long-Term Debt**

***1. Primary Government***

The following is a summary of debt transactions of the Village of Baldwin for the year ended February 29, 2008:

Governmental and Business Type Activities:

	REVENUE BONDS	GENERAL OBLIGATION BONDS	INSTALLMENT PURCHASE AGREEMENT	TOTAL
Debt Payable at March 1, 2007	\$3,182,000	\$ 0	\$ 65,379	\$3,247,379
New Debt Incurred	0	650,000	0	650,000
Debt Retired	(46,500)	(11,000)	(15,069)	(72,569)
Debt Payable at February 29, 2008	\$3,135,500	\$ 639,000	\$ 50,310	\$3,824,810
Due within one year	\$ 49,500	\$ 11,000	\$ 15,826	\$ 76,326

Debt payable at February 29, 2008 is comprised of the following individual issues:

Revenue Bonds:

\$455,000 Water Supply System Revenue Bonds due in annual installments of \$16,000 to \$27,000 plus semi-annual interest payments at 5% through 1/19/2019. \$ 223,000

\$1,254,000 Water Supply System Revenue Bonds due in annual installments of \$7,000 to \$73,000 plus semi-annual interest payments at 4.25% through 5/1/2043. 1,233,000

\$855,000 Sanitary Sanitary Sewer System Revenue Bonds due in annual installments of \$12,500 to \$48,000 plus semi-annual interest payments at 5% through 3/1/2036. 749,500

\$1,016,000 Sewer System Revenue Bonds due in annual installments of \$14,000 to \$54,000 plus semi-annual interest payments at 4.375% through 3/1/2039. 930,000

\$650,000 Capital Improvement Bonds due in annual installments of \$11,000 to \$37,000 plus semi-annual interest payments at 4.125% through 3/1/2037 639,000

Installment Purchase Agreements:

Equipment Contract of \$139,274 to purchase a Fire Truck due in annual installments of \$18,735 including interest at 5.79% through 11/5/2010. 50,310

\$ 3,824,810

VILLAGE OF BALDWIN, MICHIGAN

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The annual requirements to amortize these debts outstanding as of February 29, 2008, including interest payments of \$3,281,277 are as follows:

YEAR ENDING FEBRUARY 28,	REVENUE BONDS	GENERAL OBLIGATION BONDS	INSTALLMENT PURCHASE AGREEMENT	TOTAL
2009				
PRINCIPAL	\$ 49,500	\$ 11,000	\$ 15,826	\$ 76,326
INTEREST	141,566	26,358	2,909	170,833
TOTAL	191,066	37,358	18,735	247,159
2010				
PRINCIPAL	51,000	12,000	16,742	79,742
INTEREST	139,211	25,906	1,993	167,110
TOTAL	190,211	37,906	18,735	246,852
2011				
PRINCIPAL	54,000	12,000	17,742	83,742
INTEREST	136,807	25,410	993	163,210
TOTAL	190,807	37,410	18,735	246,952
2012				
PRINCIPAL	57,500	13,000	0	70,500
INTEREST	134,261	24,916	0	159,177
TOTAL	191,761	37,916	0	229,677
2013				
PRINCIPAL	58,500	14,000	0	72,500
INTEREST	131,546	24,378	0	155,924
TOTAL	190,046	38,378	0	228,424
2014-2018				
PRINCIPAL	341,000	77,000	0	418,000
INTEREST	613,165	112,944	0	726,109
TOTAL	954,165	189,944	0	1,144,109
2019-2023				
PRINCIPAL	379,000	95,000	0	474,000
INTEREST	527,072	95,702	0	622,774
TOTAL	906,072	190,702	0	1,096,774
2024-2028				
PRINCIPAL	464,500	120,000	0	584,500
INTEREST	433,848	74,042	0	507,890
TOTAL	898,348	194,042	0	1,092,390

VILLAGE OF BALDWIN, MICHIGAN

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2029-2033				
PRINCIPAL	590,500	146,000	0	736,500
INTEREST	316,991	47,232	0	364,223
TOTAL	907,491	193,232	0	1,100,723
2034-2038				
PRINCIPAL	638,000	139,000	0	777,000
INTEREST	171,494	14,602	0	186,096
TOTAL	809,494	153,602	0	963,096
2039-2043				
PRINCIPAL	379,000	0	0	379,000
INTEREST	53,680	0	0	53,680
TOTAL	432,680	0	0	432,680
2044				
PRINCIPAL	73,000	0	0	73,000
INTEREST	1,551	0	0	1,551
TOTAL	74,551	0	0	74,551
GRAND TOTAL				
PRINCIPAL	3,135,500	639,000	50,310	3,824,810
INTEREST	2,801,192	471,490	5,895	3,278,577
TOTAL	\$ 5,936,692	\$ 1,110,490	\$ 56,205	\$ 7,103,387

**Component Unit**

The following is a summary of the long-term debt transactions of the Downtown Development Authority for the year ended February 29, 2008:

	<u>TOTALS</u>
Long-Term Debt Payable at March 1, 2007	\$ 825,000
Debt Retired	<u>(40,000)</u>
Long-Term Debt Payable at February 29, 2008	\$ <u>785,000</u>
Due within one year	\$ <u>50,000</u>

Long-term debt payable at February 29, 2008, is comprised of the following individual issue:

**Tax Increment Bond**

\$995,000 Downtown Development Authority Tax Increment Bonds due in annual installments of \$50,000 to \$85,000 plus semi-annual interest payments at 5.00% - 5.50% through October 1, 2019.

\$ 785,000

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

The annual payments to amortize all debt outstanding as of February 29, 2008, including interest payments of \$291,314 are as follows:

<u>YEAR</u> <u>ENDING FEBRUARY 28,</u>	<u>TAX INCREMENT</u> <u>BOND</u>
2009	
PRINCIPAL	\$ 50,000
INTEREST	41,054
TOTAL	<u>91,054</u>
2010	
PRINCIPAL	50,000
INTEREST	38,304
TOTAL	<u>88,304</u>
2011	
PRINCIPAL	50,000
INTEREST	35,554
TOTAL	<u>85,554</u>
2012	
PRINCIPAL	60,000
INTEREST	32,804
TOTAL	<u>92,804</u>
2013	
PRINCIPAL	60,000
INTEREST	29,804
TOTAL	<u>89,804</u>
2014-2018	
PRINCIPAL	350,000
INTEREST	100,458
TOTAL	<u>450,458</u>
2019-2020	
PRINCIPAL	165,000
INTEREST	13,336
TOTAL	<u>178,336</u>
GRAND TOTAL	
PRINCIPAL	785,000
INTEREST	291,314
TOTAL	\$ <u><u>1,076,314</u></u>

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

**F. Fund Balance Reserves and Designations**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Village has reserved fund balances/retained earnings in various funds. These reserves are detailed in the following schedule:

**FUND BALANCE/NET ASSETS**

Reserved

General Fund

Prepaid Expenses \$ 14,987

Major Street Fund

Prepaid Expenses 68

Local Street Fund

Prepaid Expenses 119

Fire Fund

Prepaid Expenses 14,961

1990 Housing Rehabilitation Fund

Community Development 49,743

TOTAL FUND BALANCE RESERVES \$ 79,878

**G. Component Unit Disclosures**

The following presents the condensed financial statements for the discretely presented component unit.

Condensed Financial Statements - Discretely Presented Component Unit

Downtown Development Authority

Balance Sheet

February 29, 2008

Assets

Current Assets \$ 299,366

Liabilities

Current Liabilities \$ 198,955

Fund Balance

Reserved for Debt Service 433

Unreserved 99,978

Total Fund Balances 100,411

TOTAL LIABILITIES AND FUND BALANCE \$ 299,366

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

Condensed Financial Statements - Discretely Presented Component Unit

Downtown Development Authority

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended, February 29, 2008

Revenues	\$ 164,474
Expenditures	
General Government	22,796
Debt Retirement	83,523
Total Expenditures	106,319
Net Change in Fund Balance	58,155
FUND BALANCE - Beginning of Year	42,256
FUND BALANCE - End of Year	\$ 100,411

**H. Amortization of Bond Issuance Costs**

The Village incurred bond issuance costs in connection with Sewer revenue bonds of \$35,055. These costs have been capitalized and are amortized using the “interest” method, as prescribed in Accounting Principles Board Opinion Number 21, over the repayment period of the bonds. The unamortized balance at February 29, 2008 is \$25,870.

**IV. OTHER INFORMATION**

**A. Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

The Village participates in two distinct pools of municipalities within the State of Michigan for self-insuring property and casualty and worker’s disability compensation. The pools are considered public entity risk pools. The Village pays annual premiums to each pool for the respective insurance coverage. In the event a pool’s total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool’s policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The Village has not been informed of any special assessments being required for the current year or the three prior years.

The Village continued to carry commercial insurance for other risks of loss, including employee health and accident insurance.



VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

**B. Retirement Benefits**

The Village participates in a defined contribution plan administered by Nationwide Life Insurance Company. The employees can contribute up to 15 percent of their salaries and wages. The employer is required to match the contribution equal to the employee's salary reduction contribution up to a limit of 3 percent of the employee's compensation for the year.

For the fiscal year ended February 29, 2008, actual contributions by the Village were \$7,411.

At February 29, 2008, the Village had 8 participants in the defined contribution plan.

The Village also contributed \$12,462 to the individual retirement accounts or simple accounts of 8 employees.

For the 2007-2008 year, covered compensation was \$251,267 and the total of all wages including noncovered wages was \$263,080.

**C. Statement of Cash Flows**

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

**D. Single Audit Report**

Current federal guidelines require entities with federal expenditures exceeding \$500,000 to have a "single audit" of federally funded programs. For the year ended February 29, 2008, the Village's expenditures for federally funded programs were more than \$500,000 and therefore, the Village is required to have a "Single Audit".

**E. Sale of Future Revenues**

For several years, the Village has sold its rights to delinquent real property tax revenues and related late payment penalties to the Lake County treasurer. For the 2007 tax roll the Village received a lump sum payment of \$24,601 for general operating tax revenues. These amounts represent 100% of the present value of the delinquent real property tax revenues. In exchange for these payments, the county is allowed to keep the delinquent taxes collected plus the late payment penalties charged. If the county is ultimately unable to collect any of these delinquent taxes, the Village will have to repay the county.

VILLAGE OF BALDWIN, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED FEBRUARY 29, 2008

	GENERAL FUND			MAJOR STREET FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>Revenues</u>						
Taxes	\$ 241,270	\$ 241,270	\$ 162,856	\$ 0	\$ 0	\$ 0
Licenses and Permits	4,400	4,400	1,050	0	0	0
State Grants	100,500	100,500	106,222	65,000	65,000	71,933
Charges for Services	800	800	11,760	0	0	0
Interest and Rents	8,000	8,000	6,476	500	500	11,612
Other Revenue	49,100	49,100	30,838	0	0	0
Total Revenues	404,070	404,070	319,202	65,500	65,500	83,545
<u>Expenditures</u>						
Legislative	4,500	4,500	3,230	0	0	0
General Government	142,470	142,470	105,534	0	0	0
Public Safety	2,100	2,100	5,543	0	0	0
Public Works	101,200	101,200	67,462	53,650	53,650	36,223
Culture and Recreation	53,300	53,300	66,106	0	0	0
Other Functions	100,500	100,500	146,534	0	0	0
Debt Service	0	0	0	0	0	0
Total Expenditures	404,070	404,070	394,409	53,650	53,650	36,223
Excess (Deficiency) of Revenues Over Expenditures	0	0	(75,207)	11,850	11,850	47,322
<u>Other Financing Sources (Uses)</u>						
Transfers In	0	0	0	4,000	4,000	0
Transfers Out	0	0	(230,000)	(15,850)	(15,850)	0
Total Other Financing Sources (Uses)	0	0	(230,000)	(11,850)	(11,850)	0
Net Change in Fund Balance	0	0	(305,207)	0	0	47,322
<u>FUND BALANCE -</u> Beginning of Year	341,360	341,360	341,360	68,312	68,312	68,312
<u>FUND BALANCE -</u> End of Year	\$ 341,360	\$ 341,360	\$ 36,153	\$ 68,312	\$ 68,312	\$ 115,634

LOCAL STREET FUND			FIRE FUND		
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
40,000	40,000	40,040	0	0	0
0	0	0	110,000	110,000	125,083
200	200	859	500	500	4,403
1,000	1,000	0	1,500	1,500	2
41,200	41,200	40,899	112,000	112,000	129,488
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	73,650	73,650	82,916
60,100	60,100	46,373	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	38,350	38,350	39,006
60,100	60,100	46,373	112,000	112,000	121,922
(18,900)	(18,900)	(5,474)	0	0	7,566
18,900	18,900	0	0	0	0
0	0	0	0	0	(100,200)
18,900	18,900	0	0	0	(100,200)
0	0	(5,474)	0	0	(92,634)
25,537	25,537	25,537	162,962	162,962	162,962
\$ 25,537	\$ 25,537	\$ 20,063	\$ 162,962	\$ 162,962	\$ 70,328

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND  
COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>ASSETS</u>		
Cash	\$ 92,010	\$ 353,692
Taxes Receivable	33,885	42,136
Due from Other Funds	31,016	43,951
Due from Other Governments	22,486	21,773
Prepaid Expenses	14,987	11,578
TOTAL ASSETS	\$ 194,384	\$ 473,130

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 264	\$ 86,506
Accrued Wages and Payroll Taxes	2,255	3,128
Due to Other Funds	30,339	0
Due to Other Governments	91,488	0
Deferred Revenue	33,885	42,136
Total Liabilities	158,231	131,770

FUND BALANCE

Reserved for:		
Prepaid Expenses	14,987	11,578
Unreserved		
Undesignated	21,166	329,782
Total Fund Balance	36,153	341,360
TOTAL LIABILITIES AND FUND BALANCE	\$ 194,384	\$ 473,130

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes	\$ 241,270	\$ 162,856	\$ 144,851
Licenses and Permits	4,400	1,050	749
State Grants	100,500	106,222	107,576
Charges for Services	800	11,760	735
Interest and Rents	8,000	6,476	15,748
Other Revenues	49,100	30,838	30,625
Total Revenues	<u>404,070</u>	<u>319,202</u>	<u>300,284</u>
<u>EXPENDITURES</u>			
Legislative	4,500	3,230	2,905
General Government	142,470	105,534	127,273
Public Safety	2,100	5,543	5,055
Public Works	101,200	67,462	84,685
Culture and Recreation	53,300	66,106	47,908
Other Functions	100,500	146,534	127,846
Total Expenditures	<u>404,070</u>	<u>394,409</u>	<u>395,672</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(75,207)	(95,388)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer In (Out)	<u>0</u>	<u>(230,000)</u>	<u>0</u>
Net Change in Fund Balance	0	(305,207)	(95,388)
<u>FUND BALANCE</u> - Beginning of Year	<u>341,360</u>	<u>341,360</u>	<u>436,748</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 341,360</u>	<u>\$ 36,153</u>	<u>\$ 341,360</u>

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF REVENUES

YEAR ENDED

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>TAXES</u>		
Current Property Tax Collections	\$ 113,575	\$ 100,611
Delinquent Property Tax Collections	32,608	29,320
Payments in Lieu of Taxes	11,291	9,950
Penalties and Interest	3,047	2,816
Property Tax Administration Fee	2,335	2,154
Total Taxes	<u>162,856</u>	<u>144,851</u>
<u>LICENSES AND PERMITS</u>		
Non-business Licenses	500	0
Land and Zoning Permits	550	749
Total Licenses and Permits	<u>1,050</u>	<u>749</u>
<u>STATE GRANTS</u>		
Sales and Use Tax	<u>106,222</u>	<u>107,576</u>
<u>CHARGES FOR SERVICES</u>		
Downtown Development Authority Zoning Administrator	10,500	0
Parking Violations	250	0
Solid Waste Collection	1,010	735
Total Charges for Services	<u>11,760</u>	<u>735</u>
<u>INTEREST AND RENTS</u>		
Interest	<u>6,476</u>	<u>15,748</u>
<u>OTHER REVENUE</u>		
Contributions from Private Sources	19,434	18,941
Refunds and Miscellaneous	11,404	11,684
Total Other Revenue	<u>30,838</u>	<u>30,625</u>
TOTAL REVENUES	<u>\$ 319,202</u>	<u>\$ 300,284</u>

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED

	<u>FEBRUARY 29,</u> <u>2008</u>	<u>FEBRUARY 28,</u> <u>2007</u>
<u>LEGISLATIVE</u>		
Village Council		
Salaries and Wages	\$ 3,230	\$ 2,905
<u>GENERAL GOVERNMENT</u>		
Village President		
Salary	7,500	8,125
Education and Training	0	120
Contracted Services	6,773	0
Miscellaneous	0	169
Total Village President	<u>14,273</u>	<u>8,414</u>
Attorney		
Legal Fees	<u>7,482</u>	<u>29,882</u>
Clerk		
Salaries and Wages	2,400	2,600
Office Supplies	942	793
Total Clerk	<u>3,342</u>	<u>3,393</u>
Treasurer		
Office Manager Salary	16,574	14,032
Tax Abatements	<u>1,010</u>	<u>2,781</u>
Total Treasurer	<u>17,584</u>	<u>16,813</u>
General Village		
Utilities	2,573	2,280
Repairs and Maintenance	225	334
Office Supplies	1,816	3,175
Postage	1,040	957
Operating Supplies	151	809
Professional Services	47,871	32,320
Contracted Services	3,503	1,394
Telephone	2,663	2,220
Printing and Publishing	0	1,617
Rentals	1,477	3,968

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
Education and Training	141	316
Dues and Fees	893	811
Miscellaneous	500	1,310
Capital Outlay	0	17,260
Total General Village	62,853	68,771
Total General Government	105,534	127,273
<u>PUBLIC SAFETY</u>		
Fire Protection		
Salaries and Wages	1,750	1,750
Planning and Zoning Board		
Salaries and Wages	3,178	2,815
Office Supplies	615	194
Travel	0	296
Total Planning and Zoning	3,793	3,305
Total Public Safety	5,543	5,055
<u>PUBLIC WORKS</u>		
Department of Public Works		
Salaries	27,000	28,845
Equipment Rental	6,978	15,426
Operating Supplies	119	916
Contracted Services	0	28
Repairs and Maintenance	28	694
Dues and Fees	50	0
Municipal Airport	2,832	3,396
Street Lighting	27,859	26,634
Sanitation		
Contracted Services	2,596	8,746
Total Public Works	67,462	84,685
<u>CULTURE AND RECREATION</u>		
Parks		
Salaries and Wages	21,700	20,203
Operating Supplies	670	1,864



VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND  
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED

	<u>FEBRUARY 29,</u> 2008	<u>FEBRUARY 28,</u> 2007
Contracted Services		
Wenger Pavilion	21,515	21,355
Other	1,400	1,690
Utilities	1,112	660
Repairs and Maintenance	1,880	286
Equipment Rental	1,850	1,850
Capital Outlay	15,979	0
Total Culture and Recreation	<u>66,106</u>	<u>47,908</u>
<u>OTHER FUNCTIONS</u>		
Fringe Benefits		
Social Security	5,092	5,046
Medicare	1,191	1,192
Michigan Unemployment	693	1,320
Retirement	19,872	17,348
Health and Life Insurance	104,740	87,269
Workers Compensation	1,511	2,335
Insurance and Bonds	13,435	13,336
Total Other Functions	<u>146,534</u>	<u>127,846</u>
 TOTAL EXPENDITURES	 <u>\$ 394,409</u>	 <u>\$ 395,672</u>

VILLAGE OF BALDWIN, MICHIGAN

MAJOR STREET FUND  
COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>ASSETS</u>		
Cash	\$ 198,455	\$ 250,106
Due from Other Funds	91,305	946
Due from Other Governments	13,192	12,579
Prepaid Expenses	68	92
	<hr/>	<hr/>
TOTAL ASSETS	\$ 303,020	\$ 263,723
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 1,398	\$ 9,423
Deferred Revenue	185,988	185,988
	<hr/>	<hr/>
Total Liabilities	187,386	195,411
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenses	68	92
Unreserved	115,566	68,220
	<hr/>	<hr/>
Total Fund Balance	115,634	68,312
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 303,020	\$ 263,723
	<hr/> <hr/>	<hr/> <hr/>

VILLAGE OF BALDWIN, MICHIGAN

MAJOR STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
Motor Vehicle Highway Fund-Act 51	\$ 65,000	\$ 69,971	\$ 69,730
MDEQ - Lake Street Construction	0	1,962	5,819
Interest and Rents			
Interest	500	11,612	8,150
Total Revenues	65,500	83,545	83,699
<u>EXPENDITURES</u>			
Public Works			
Street Construction	10,000	6,506	28,459
Routine Maintenance			
Salaries and Wages	9,000	3,127	4,732
Employee Benefits (FICA)	800	354	477
Materials and Supplies	0	2,926	1,332
Equipment Rental	15,000	3,643	5,744
Sweeping	600	0	0
Shoulder Work	0	1,312	3,896
Repairs & Maintenance	5,000	0	539
Winter Maintenance			
Salaries and Wages	0	3,949	4,184
Employee Benefits (FICA)	0	302	320
Equipment Rental	0	8,120	10,852
Administration and General			
Salaries and Wages	1,500	1,500	1,500
Workers' Compensation	0	328	302
Independent Audit	1,100	1,100	1,000
Legal Fees	200	0	0
Engineering	9,200	2,665	0
Telephone	0	71	83
Traffic Signs and Signals	1,250	320	0
Total Expenditures	53,650	36,223	63,420
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	11,850	47,322	20,279

VILLAGE OF BALDWIN, MICHIGAN

MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
General Fund	4,000	0	0
Transfers Out			
Local Street Fund	(15,850)	0	0
Total Other Financing Sources (Uses)	(11,850)	0	0
Net Change in Fund Balance	0	47,322	20,279
<u>FUND BALANCE</u> - Beginning of Year	48,033	68,312	48,033
<u>FUND BALANCE</u> - End of Year	\$ 48,033	\$ 115,634	\$ 68,312

VILLAGE OF BALDWIN, MICHIGAN

LOCAL STREET FUND  
COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>ASSETS</u>		
Cash	\$ 15,325	\$ 28,227
Due from Other Funds	2,252	2,252
Due from Other Governments	7,152	6,251
Prepaid Expenses	119	129
TOTAL ASSETS	\$ 24,848	\$ 36,859

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds	\$ 4,785	\$ 11,322
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FUND BALANCE

Reserved for Prepaid Expenses	119	129
Unreserved	19,944	25,408

Total Fund Balance	20,063	25,537
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TOTAL LIABILITIES AND FUND BALANCE	\$ 24,848	\$ 36,859
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VILLAGE OF BALDWIN, MICHIGAN

LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
Motor Vehicle Highway Fund - Act 51	\$ 40,000	\$ 35,270	\$ 40,293
Telecommunications Right of Way Maintenance	0	4,770	4,764
Interest and Rents			
Interest	200	859	578
Other Revenues			
Reimbursements	1,000	0	0
Total Revenues	<u>41,200</u>	<u>40,899</u>	<u>45,635</u>
<u>EXPENDITURES</u>			
Public Works			
Street Construction	6,000	0	0
Routine Maintenance			
Wages	13,000	6,398	7,990
Employee Benefits (FICA)	1,400	604	726
Workers' Compensation	0	541	473
Equipment Rental	22,500	7,587	7,670
Sweeping	750	1,024	677
Shoulder Work	750	0	0
Repairs & Maintenance	4,500	4,461	2,865
Winter Maintenance			
Wages	3,000	7,149	4,994
Employee Benefits (FICA)	0	547	382
Equipment Rental	0	14,991	13,201
Administration			
Salaries	1,600	1,500	1,500
Legal Fees	500	0	0
Independent Audit	1,100	1,100	1,000
Engineering	4,100	400	0
Telephone	100	71	84
Miscellaneous	0	0	0
Traffic Signs and Signals	800	0	0
Total Expenditures	<u>60,100</u>	<u>46,373</u>	<u>41,562</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(18,900)</u>	<u>(5,474)</u>	<u>4,073</u>

VILLAGE OF BALDWIN, MICHIGAN

LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
General Fund	4,300	0	0
Major Street Fund	14,600	0	0
Total Other Financing Sources (Uses)	18,900	0	0
Net Change in Fund Balance	0	(5,474)	4,073
<u>FUND BALANCE</u> - Beginning of Year	25,537	25,537	21,464
<u>FUND BALANCE</u> - End of Year	\$ 25,537	\$ 20,063	\$ 25,537

VILLAGE OF BALDWIN, MICHIGAN

FIRE FUND  
COMPARATIVE BALANCE SHEET

	<u>FEBRUARY 29,</u> <u>2008</u>	<u>FEBRUARY 28,</u> <u>2007</u>
<u>ASSETS</u>		
Cash	\$ 52,133	\$ 158,067
Due from Other Governments	41,130	92,042
Prepaid Expenses	14,961	14,029
TOTAL ASSETS	<u>\$ 108,224</u>	<u>\$ 264,138</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,000	\$ 0
Due to Other Funds	12,837	14,287
Deferred Revenue	20,059	86,889
Total Liabilities	<u>37,896</u>	<u>101,176</u>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenses	14,961	14,029
Unreserved	55,367	148,933
Total Fund Balance	<u>70,328</u>	<u>162,962</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 108,224</u>	<u>\$ 264,138</u>



VILLAGE OF BALDWIN, MICHIGAN

FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
State Grant			
VFA Grant	\$ 0	\$ 0	\$ 2,725
Charges for Services			
Fire Contract Revenue	100,000	123,928	81,721
Fire Run Revenue	10,000	1,155	0
Interest and Rents			
Interest Income	500	4,403	5,144
Other			
Donations and Miscellaneous	1,500	2	1,012
Total Revenues	112,000	129,488	90,602
<u>EXPENDITURES</u>			
Public Safety			
Fire Protection			
Salaries			
Fire Chief	2,000	1,750	1,750
Assistant Fire Chief	1,200	1,200	1,200
2nd Assistant Fire Chief	350	350	350
Treasurer	1,200	1,200	1,200
Captain	300	300	300
Safety Officer	300	300	300
Contracted Services - Firefighters	12,000	12,000	12,000
Contracted Services - Other	0	2,730	0
Employee Benefits (FICA)	200	134	134
Operating Supplies	15,350	9,553	13,375
Independent Audit	1,200	1,300	1,200
Legal Fees	500	0	0
Communications	1,500	1,650	1,416
Gasoline and Oil	4,500	3,794	3,501

VILLAGE OF BALDWIN, MICHIGAN

FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
Insurance	750	14,777	14,666
Electricity	850	2,958	841
Heat	1,400	4,639	2,077
Water	600	535	486
Equipment Repairs	750	5,236	1,742
Truck Repairs	5,000	10,532	7,523
Building Repairs	1,000	44	1,720
Training and Dues	2,950	2,127	1,373
Capital Outlay	54,100	1,807	1,458
Hydrant Rental	4,000	4,000	4,000
Debt Service			
Fire Truck Loan Principal	0	15,113	13,962
Bond Principal	0	11,500	0
Interest Expense	0	12,393	4,773
Total Expenditures	112,000	121,922	91,347
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	7,566	(745)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out			
Fire Hall Construction Fund	0	(100,200)	0
Net Change in Fund Balance	0	(92,634)	(745)
<u>FUND BALANCE</u> - Beginning of Year	162,962	162,962	163,707
<u>FUND BALANCE</u> - End of Year	\$ 162,962	\$ 70,328	\$ 162,962

VILLAGE OF BALDWIN, MICHIGAN

FIRE HALL CONSTRUCTION FUND

BALANCE SHEET

FEBRUARY 29, 2008

ASSETS

Cash	\$	<u>2,916</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

	\$	0
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FUND BALANCE

Unreserved		
Designated for Fire Barn/Village Hall		<u>2,916</u>

TOTAL LIABILITIES AND FUND BALANCE	\$	<u>2,916</u>
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VILLAGE OF BALDWIN, MICHIGAN

FIRE HALL CONSTRUCTION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED FEBRUARY 29, 2008

REVENUES

Interest and Rents

Interest \$ 4,014

EXPENDITURES

Public Safety

Capital Outlay 962,712

Debt Service

Interest 230

Bond Issuance Costs 18,000

Total Expenditures 980,942

Excess (Deficiency) of Revenues

Over (Under) Expenditures (976,928)

OTHER FINANCING SOURCES (USES)

Debt Issuance 649,644

Transfers In

General Fund 230,000

Fire Fund 100,200

Total Other Financing Sources 979,844

Net Change in Fund Balance 2,916

FUND BALANCE - Beginning of Year 0

FUND BALANCE - End of Year \$ 2,916

VILLAGE OF BALDWIN, MICHIGAN

1990 HOUSING REHABILITATION FUND  
COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>ASSETS</u>		
Cash	\$ 49,743	\$ 49,186
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Community Development	49,743	49,186
TOTAL LIABILITIES AND FUND BALANCE	\$ 49,743	\$ 49,186

VILLAGE OF BALDWIN, MICHIGAN

1990 HOUSING REHABILITATION FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 1,857	\$ 1,965
<u>EXPENDITURES</u>		
Professional Fees	1,300	1,200
Net Change in Fund Balance	557	765
<u>FUND BALANCE</u> - Beginning of Year	49,186	48,421
<u>FUND BALANCE</u> - End of Year	\$ 49,743	\$ 49,186

VILLAGE OF BALDWIN, MICHIGAN

WATER FUND  
COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 36,006	\$ 65,029
Accounts Receivable	13,159	10,642
Due from Other Funds	3,754	3,754
Prepaid Expenses	3,207	3,086
	<hr/>	<hr/>
Total Current Assets	56,126	82,511
	<hr/>	<hr/>
<u>RESTRICTED ASSETS</u>		
Cash		
Bond Redemption	81,778	79,897
Bond Reserve	75,661	74,428
	<hr/>	<hr/>
Total Restricted Assets	157,439	154,325
	<hr/>	<hr/>
<u>PROPERTY, PLANT AND EQUIPMENT</u>		
Land	13,813	13,813
Water System Improvements	6,727,922	6,727,922
Machinery and Equipment	36,215	36,215
Accumulated Depreciation	(1,493,471)	(1,346,748)
	<hr/>	<hr/>
Total Property, Plant and Equipment	5,284,479	5,431,202
	<hr/>	<hr/>
TOTAL ASSETS	\$ 5,498,044	\$ 5,668,038
	<hr/>	<hr/>

VILLAGE OF BALDWIN, MICHIGAN

WATER FUND  
COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES (Payable from Current Assets)</u>		
Due to Other Funds	\$ 59,958	\$ 77,009
<u>CURRENT LIABILITIES (Payable from Restricted Assets)</u>		
Current Portion of Revenue Bonds	23,000	22,000
Accrued Interest Payable	19,200	19,400
Total Current Liabilities (Payable from Restricted Assets)	42,200	41,400
<u>LONG-TERM LIABILITIES</u>		
Revenue Bonds Payable (Net of Current Portion)	1,433,000	1,456,000
Total Liabilities	1,535,158	1,574,409
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	3,828,479	3,911,945
Restricted for Debt Service	157,439	154,325
Unrestricted	(23,032)	27,359
Total Net Assets	3,962,886	4,093,629
TOTAL LIABILITIES AND NET ASSETS	\$ 5,498,044	\$ 5,668,038



VILLAGE OF BALDWIN, MICHIGAN

WATER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OPERATING REVENUES</u>			
Water Billings	\$ 210,000	\$ 175,625	\$ 166,785
Hydrant Rental	4,000	4,000	4,000
Tower Rental	0	8,100	0
Other Income	4,000	746	0
Total Operating Revenues	<u>218,000</u>	<u>188,471</u>	<u>170,785</u>
<u>OPERATING EXPENSES</u>			
Administration	1,750	1,500	1,500
Wages and Fringe Benefits	43,800	40,384	36,445
Collection Agent Salary	12,000	14,082	13,388
Office Supplies	500	550	23
Postage	550	965	456
Legal Fees	500	0	0
Professional Services	7,600	17,500	2,500
Lab Fees	16,000	2,734	14,975
Operating Supplies	10,500	1,708	12,124
Insurance	500	4,638	4,191
Utilities	27,000	18,641	24,514
Pump and Tower Maintenance	13,000	3,892	1,103
Equipment Rental	5,000	2,729	5,366
Alarm System Rent and Telephone	1,400	1,408	1,200
Education and Training	1,250	956	2,084
Depreciation	0	146,723	146,116
Dues and Fees	150	405	393
Miscellaneous	400	1,157	183
Total Operating Expenses	<u>141,900</u>	<u>259,972</u>	<u>266,561</u>
Operating Income (Loss)	<u>76,100</u>	<u>(71,501)</u>	<u>(95,776)</u>

VILLAGE OF BALDWIN, MICHIGAN

WATER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	2,500	4,759	5,521
Interest Expense	(80,600)	(64,251)	(65,249)
Rural Development Grant		0	46,981
Connection Fees	2,000	250	250
Total Nonoperating Revenues (Expenses)	(76,100)	(59,242)	(12,497)
Change in Net Assets	0	(130,743)	(108,273)
<u>NET ASSETS - Beginning of Year</u>	4,093,629	4,093,629	4,201,902
<u>NET ASSETS - End of Year</u>	\$ 4,093,629	\$ 3,962,886	\$ 4,093,629

VILLAGE OF BALDWIN, MICHIGAN

WATER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	<u>FEBRUARY 29,</u> 2008	<u>FEBRUARY 28,</u> 2007
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 185,954	\$ 171,914
Cash Payments to Suppliers for Goods and Services	(130,421)	(66,081)
Net Cash Provided by (Used for) Operating Activities	<u>55,533</u>	<u>105,833</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	0	(100,491)
Grant Proceeds	0	70,300
User Contributions	250	250
Principal Paid on Bonds	(22,000)	(21,000)
Interest Paid on Bonds	(64,451)	(65,449)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(86,201)</u>	<u>(116,390)</u>
Cash Flows from Investing Activities		
Interest Income	<u>4,759</u>	<u>5,521</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(25,909)	(5,036)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<u>219,354</u>	<u>224,390</u>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u>\$ 193,445</u>	<u>\$ 219,354</u>
<u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<u>\$ (71,501)</u>	<u>\$ (95,776)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	146,723	146,116
(Increase) Decrease in Current Assets		
Accounts Receivable	(2,517)	1,129
Prepaid Expenses	(121)	(98)
Due from Other Funds	0	(1,177)
Increase (Decrease) in Current Liabilities		
Accounts Payable	0	(19,674)
Due to Other Funds	(17,051)	75,313
Total Adjustments	<u>127,034</u>	<u>201,609</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 55,533</u>	<u>\$ 105,833</u>

VILLAGE OF BALDWIN, MICHIGAN

SEWER FUND  
COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 418,951	\$ 442,986
Accounts Receivable	24,248	22,208
Prepaid Expenses	9,607	9,252
Due from Other Funds	50,157	48,855
Total Current Assets	502,963	523,301
<u>RESTRICTED ASSETS</u>		
Cash		
Replacement	42,292	34,863
Bond Redemption	4,124	14,481
Bond Reserve	141,808	136,647
Total Restricted Assets	188,224	185,991
<u>PROPERTY, PLANT AND EQUIPMENT</u>		
Land	35,267	35,267
Sewer System Improvements	11,098,209	11,098,209
Machinery and Equipment	33,102	33,102
Accumulated Depreciation	(2,107,292)	(1,867,461)
Total Property, Plant and Equipment	9,059,286	9,299,117
<u>DEFERRED CHARGES</u>		
Bond Issuance Costs - Net of Amortization	25,870	26,755
TOTAL ASSETS	\$ 9,776,343	\$ 10,035,164

VILLAGE OF BALDWIN, MICHIGAN

SEWER FUND  
COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u> (Payable from Current Assets)		
Accounts Payable	\$ 12,130	\$ 54
Due to Other Funds	102,939	12,945
Total Current Liabilities Payable from Current Assets	115,069	12,999
<u>CURRENT LIABILITIES</u> (Payable from Restricted Assets)		
Current Portion of Revenue Bonds	26,500	24,500
<u>LONG-TERM LIABILITIES</u>		
Deferred Revenue	333,669	348,450
Revenue Bonds Payable (Net of Current Portion)	1,653,000	1,679,500
Total Long-Term Liabilities	1,986,669	2,027,950
Total Liabilities	2,128,238	2,065,449
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	7,379,786	7,595,117
Restricted for Debt Service	188,224	185,991
Unrestricted	80,095	188,607
Total Net Assets	7,648,105	7,969,715
TOTAL LIABILITIES AND NET ASSETS	\$ 9,776,343	\$ 10,035,164

VILLAGE OF BALDWIN, MICHIGAN

SEWER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OPERATING REVENUES</u>			
Sewer Billings	\$ 315,000	327,374	\$ 304,839
Septage Hauler Billings	13,500	36,770	15,970
Other	10,000	0	0
	<u>338,500</u>	<u>364,144</u>	<u>320,809</u>
<u>OPERATING EXPENSES</u>			
Administration	1,300	1,500	1,500
Wages and Fringe Benefits	102,000	96,238	92,021
Collection Agent Salary	12,400	14,132	13,412
Office Supplies	850	563	820
Postage	500	765	632
Legal Fees	500	14	0
Professional Services	1,900	1,900	1,900
Operating Supplies and Chemicals	25,000	33,326	23,791
Contracted Services - Operations Assistant	7,000	4,937	7,423
Lab Fees	800	3,650	3,650
Sludge Removal	0	0	18,406
Insurance	500	12,102	11,227
Electricity	61,400	74,470	68,973
Heat	13,600	18,567	15,194
Fuel Oil	1,500	441	2,264
Alarm System Rent and Telephone	4,850	4,868	5,199
Lift Station Maintenance	19,500	8,264	7,817
Treatment Plant Maintenance	11,500	22,196	16,403
Equipment Rental	3,600	3,728	4,412
Education and Training	750	260	836
Dues and Subscriptions	250	0	33
Depreciation	0	239,831	239,832
Total Operating Expenses	<u>269,700</u>	<u>541,752</u>	<u>535,745</u>
Operating Income (Loss)	<u>68,800</u>	<u>(177,608)</u>	<u>(214,936)</u>

VILLAGE OF BALDWIN, MICHIGAN

SEWER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	30,700	25,648	23,190
Interest Expense	(104,500)	(79,306)	(80,406)
Webber Township Refunds	0	(90,359)	0
Amortization of Bond Issuance Costs	0	(885)	(885)
Connection Fees	5,000	900	1,200
Total Nonoperating Revenues (Expenses)	(68,800)	(144,002)	(56,901)
Change in Net Assets	0	(321,610)	(271,837)
<u>NET ASSETS</u> - Beginning of Year	7,969,715	7,969,715	8,241,552
<u>NET ASSETS</u> - End of Year	\$ 7,969,715	\$ 7,648,105	\$ 7,969,715

VILLAGE OF BALDWIN, MICHIGAN

SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	<u>FEBRUARY 29,</u> 2008	<u>FEBRUARY 28,</u> 2007
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 347,323	\$ 306,827
Cash Payments to Suppliers for Goods and Services	(201,508)	(291,374)
Webber Township Refund	(90,359)	0
Net Cash Provided by (Used for) Operating Activities	<u>55,456</u>	<u>15,453</u>
Cash Flows from Capital and Related Financing Activities:		
User Contributions	900	1,200
Principal Paid on Bonds	(24,500)	(23,500)
Interest Paid on Bonds	(79,306)	(80,406)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(102,906)</u>	<u>(102,706)</u>
Cash Flows from Investing Activities		
Interest Income	<u>25,648</u>	<u>23,190</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(21,802)	(64,063)
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>628,977</u>	<u>693,040</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 607,175</u>	<u>\$ 628,977</u>
<u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<u>\$ (177,608)</u>	<u>\$ (214,936)</u>
Adjustments to Reconcile Operating Income to Net		
Cash Provided by Operating Activities:		
Depreciation and Amortization	239,831	239,832
Webber Township Refund	(90,359)	0
(Increase) Decrease in Current Assets		
Accounts Receivable	(2,040)	2,419
Prepaid Expenses	(355)	(272)
Due from Other Funds	(1,302)	(2,758)
Increase (Decrease) in Current and Long-Term Liabilities		
Accounts Payable	12,076	(1,533)
Due to Other Funds	89,994	9,102
Deferred Revenue	(14,781)	(16,401)
Total Adjustments	<u>233,064</u>	<u>230,389</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 55,456</u>	<u>\$ 15,453</u>



VILLAGE OF BALDWIN, MICHIGAN

EQUIPMENT FUND  
COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 156,701	\$ 134,728
Due from Other Funds	33,772	51,835
Prepaid Expenses	4,791	4,565
Total Current Assets	195,264	191,128
<u>CAPITAL ASSETS</u>		
Machinery and Equipment	343,264	343,264
Accumulated Depreciation	(243,601)	(220,097)
Total Capital Assets	99,663	123,167
TOTAL ASSETS	\$ 294,927	\$ 314,295
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 587	\$ 0
Due to Other Funds	0	3,848
Total Liabilities	587	3,848
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	99,663	123,167
Unrestricted	194,677	187,280
Total Net Assets	294,340	310,447
TOTAL LIABILITIES AND FUND EQUITY	\$ 294,927	\$ 314,295

VILLAGE OF BALDWIN, MICHIGAN

EQUIPMENT FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Equipment Rental	\$ 74,450	\$ 49,275	\$ 62,586
<u>OPERATING EXPENSES</u>			
Administration	250	0	75
Professional Services	1,200	1,200	1,000
Operating Supplies	1,500	1,886	1,085
Gasoline and Oil	14,000	18,996	14,866
Insurance	0	4,565	5,137
Utilities			
Electricity	2,000	1,144	1,363
Heat	1,500	1,295	1,430
Telephone	1,000	938	825
Repairs and Maintenance			
Equipment Repairs	17,500	19,755	16,811
Building Repairs	2,000	23	43
Capital Outlay	35,000	0	0
Miscellaneous	0	0	103
Depreciation	0	23,504	21,244
Total Operating Expenses	75,950	73,306	63,982
Operating Income (Loss)	(1,500)	(24,031)	(1,396)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	1,500	7,924	5,661
Grants	0	0	14,685
Total Non-Operating Revenues (Expenses)	1,500	7,924	20,346
Change in Net Assets	0	(16,107)	18,950
<u>NET ASSETS</u> - Beginning of Year	310,447	310,447	291,497
<u>NET ASSETS</u> - End of Year	\$ 310,447	\$ 294,340	\$ 310,447

VILLAGE OF BALDWIN, MICHIGAN

EQUIPMENT FUND  
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services Provided	\$ 67,338	\$ 10,751
Cash Payments to Suppliers for Goods and Services	(53,289)	(40,050)
Net Cash Provided by (Used for) Operating Activities	14,049	(29,299)
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	0	(32,307)
Grant Proceeds	0	14,685
Net Cash Provided by (Used for) Capital and Related Financing Activities	0	(17,622)
Cash Flows from Investing Activities:		
Interest Income	7,924	5,661
Net Increase (Decrease) in Cash and Cash Equivalents	21,973	(41,260)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	134,728	175,988
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 156,701	\$ 134,728
<u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (24,031)	\$ (1,396)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	23,504	21,244
(Increase) Decrease in Current Assets		
Due from Other Funds	18,063	(51,835)
Prepaid Expenses	(226)	(86)
Increase (Decrease) in Current Liabilities		
Accounts Payable	587	(1,074)
Due to Other Funds	(3,848)	3,848
Total Adjustments	38,080	(27,903)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 14,049	\$ (29,299)

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY FUNDS  
COMBINING BALANCE SHEET

FEBRUARY 29, 2008  
WITH COMPARATIVE TOTALS FOR FEBRUARY 28, 2007

	OPERATING FUND	DEBT RETIREMENT FUND	TOTALS	
			2008	2007
<u>ASSETS</u>				
Cash	\$ 103,706	\$ 433	\$ 104,139	\$ 22,964
Receivable				
Property Taxes	195,227	0	195,227	184,874
TOTAL ASSETS	<u>\$ 298,933</u>	<u>\$ 433</u>	<u>\$ 299,366</u>	<u>\$ 207,838</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 195,227	\$ 0	\$ 195,227	\$ 161,854
Due to Other Governments	3,728	0	3,728	3,728
Total Liabilities	<u>198,955</u>	<u>0</u>	<u>198,955</u>	<u>165,582</u>
<u>FUND BALANCES</u>				
Reserved for Debt Service	0	433	433	2,566
Unreserved	99,978	0	99,978	39,690
Total Fund Balances	<u>99,978</u>	<u>433</u>	<u>100,411</u>	<u>42,256</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 298,933</u>	<u>\$ 433</u>	<u>\$ 299,366</u>	<u>\$ 207,838</u>

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED FEBRUARY 29, 2008

WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2007

	OPERATING FUND	DEBT RETIREMENT FUND	TOTALS	
			2008	2007
<u>REVENUES</u>				
Taxes	\$ 161,854	\$ 0	\$ 161,854	\$ 96,632
Interest and Rents	2,606	14	2,620	2,522
Total Revenues	164,460	14	164,474	99,154
<u>EXPENDITURES</u>				
General Government	22,796	0	22,796	17,226
Capital Outlay	0	0	0	501
Debt Retirement	0	83,523	83,523	86,818
Total Expenditures	22,796	83,523	106,319	104,545
Excess (Deficiency) of Revenues Over (Under) Expenditures	141,664	(83,509)	58,155	(5,391)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in (Out)	(81,376)	81,376	0	0
Net Change in Fund Balances	60,288	(2,133)	58,155	(5,391)
<u>FUND BALANCES</u> - Beginning of Year	39,690	2,566	42,256	47,647
<u>FUND BALANCES</u> - End of Year	\$ 99,978	\$ 433	\$ 100,411	\$ 42,256

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY OPERATING FUND

COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>ASSETS</u>		
Cash	\$ 103,706	\$ 20,398
Receivables		
Property Taxes	195,227	184,874
TOTAL ASSETS	\$ 298,933	\$ 205,272
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 195,227	\$ 161,854
Due to Other Governments	3,728	3,728
Total Liabilities	198,955	165,582
<u>FUND BALANCE</u>		
Unreserved	99,978	39,690
TOTAL LIABILITIES AND FUND BALANCE	\$ 298,933	\$ 205,272

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY OPERATING FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 29,</u> <u>2008</u>	<u>FEBRUARY 28,</u> <u>2007</u>
<u>REVENUES</u>		
Taxes		
Current Property Tax Levy	\$ 0	\$ 23,020
Delinquent Taxes	161,854	73,612
Interest and Rents		
Interest	2,606	2,506
Total Revenues	<u>164,460</u>	<u>99,138</u>
<u>EXPENDITURES</u>		
General Government		
Office Supplies	16	15
Insurance-Bond	170	170
Professional Services	1,300	1,200
Contracted Services	10,500	9,000
Promotion	3,955	146
Dues and Fees	520	200
Maintenance	5,817	5,821
Water	518	674
Capital Outlay		
Plaque	0	501
Debt Service		
Interest	0	1,095
Total Expenditures	<u>22,796</u>	<u>18,822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	141,664	80,316
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers Out		
Debt Service Fund	<u>(81,376)</u>	<u>(85,743)</u>
Net Change in Fund Balance	60,288	(5,427)
<u>FUND BALANCE - Beginning of Year</u>	<u>39,690</u>	<u>45,117</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 99,978</u>	<u>\$ 39,690</u>

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY DEBT RETIREMENT FUND  
COMPARATIVE BALANCE SHEET

	FEBRUARY 29, 2008	FEBRUARY 28, 2007
<u>ASSETS</u>		
Cash	\$ 433	\$ 2,566
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	433	2,566
TOTAL LIABILITIES AND FUND BALANCE	\$ 433	\$ 2,566



VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY DEBT RETIREMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED,

	<u>FEBRUARY 29, 2008</u>	<u>FEBRUARY 28, 2007</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 14	\$ 16
<u>EXPENDITURES</u>		
Debt Service		
Principal	40,000	40,000
Interest and Fiscal Charges	43,253	45,453
Paying Agent Fees	270	270
Total Expenditures	<u>83,523</u>	<u>85,723</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	(83,509)	(85,707)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
Operating Fund	<u>81,376</u>	<u>85,743</u>
Net Change in Fund Balance	(2,133)	36
<u>FUND BALANCE</u> - Beginning of Year	<u>2,566</u>	<u>2,530</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 433</u>	<u>\$ 2,566</u>

VILLAGE OF BALDWIN, MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Water Supply System Revenue Bonds		
<u>PURPOSE</u>	Defraying part of the cost of acquiring and constructing improvements to the Water Supply System		
<u>DATE OF ISSUE</u>	April 14, 1981		
<u>INTEREST RATE</u>	5.00%		
<u>INTEREST PAYABLE</u>	January 1st and July 1st of each year		
<u>AMOUNT OF ISSUE</u>		\$	455,000
<u>BONDS RETIRED</u>			
Prior Years	\$	217,000	
Current Year		<u>15,000</u>	<u>232,000</u>
<u>BALANCE OUTSTANDING</u> - February 29, 2008		\$	<u><u>223,000</u></u>

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
July 1, 2008	\$ 5,575	\$ 5,575	
January 1, 2009	21,575	5,575	\$ 16,000
July 1, 2009	5,175	5,175	
January 1, 2010	21,175	5,175	16,000
July 1, 2010	4,775	4,775	
January 1, 2011	21,775	4,775	17,000
July 1, 2011	4,350	4,350	
January 1, 2012	22,350	4,350	18,000

VILLAGE OF BALDWIN, MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
July 1, 2012	3,900	3,900	
January 1, 2013	22,900	3,900	19,000
July 1, 2013	3,425	3,425	
January 1, 2014	23,425	3,425	20,000
July 1, 2014	2,925	2,925	
January 1, 2015	23,925	2,925	21,000
July 1, 2015	2,400	2,400	
January 1, 2016	24,400	2,400	22,000
July 1, 2016	1,850	1,850	
January 1, 2017	24,850	1,850	23,000
July 1, 2017	1,275	1,275	
January 1, 2018	25,275	1,275	24,000
July 1, 2018	675	675	
January 1, 2019	27,675	675	27,000
	\$ 295,650	\$ 72,650	\$ 223,000

VILLAGE OF BALDWIN, MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Water Supply System Revenue Bonds
<u>PURPOSE</u>	Defraying part of the cost of acquiring and constructing improvements to the Water Supply System.
<u>DATE OF ISSUE</u>	September 23, 2003
<u>INTEREST RATE</u>	4.25%
<u>INTEREST PAYABLE</u>	May 1st and November 1st of each year
<u>AMOUNT OF ISSUE</u>	\$ 1,254,000
<u>BONDS RETIRED</u>	
Prior Years	\$ 14,000
Current Year	<u>7,000</u>
	<u>21,000</u>
<u>BALANCE OUTSTANDING</u> - February 29, 2008	\$ <u><u>1,233,000</u></u>

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2008	\$ 33,201	\$ 26,201	\$ 7,000
November 1, 2008	26,053	26,053	
May 1, 2009	34,052	26,052	8,000
November 1, 2009	25,883	25,883	
May 1, 2010	33,882	25,882	8,000
November 1, 2010	25,713	25,713	
May 1, 2011	33,712	25,712	8,000
November 1, 2011	25,543	25,543	
May 1, 2012	33,543	25,543	8,000
November 1, 2012	25,373	25,373	
May 1, 2013	33,372	25,372	8,000
November 1, 2013	25,203	25,203	
May 1, 2014	34,202	25,202	9,000
November 1, 2014	25,011	25,011	

VILLAGE OF BALDWIN, MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2015	34,011	25,011	9,000
November 1, 2015	24,820	24,820	
May 1, 2016	33,820	24,820	9,000
November 1, 2016	24,629	24,629	
May 1, 2017	34,629	24,629	10,000
November 1, 2017	24,416	24,416	
May 1, 2018	34,416	24,416	10,000
November 1, 2018	24,204	24,204	
May 1, 2019	49,204	24,204	25,000
November 1, 2019	23,673	23,673	
May 1, 2020	49,672	23,672	26,000
November 1, 2020	23,120	23,120	
May 1, 2021	50,120	23,120	27,000
November 1, 2021	22,546	22,546	
May 1, 2022	51,546	22,546	29,000
November 1, 2022	21,930	21,930	
May 1, 2023	51,930	21,930	30,000
November 1, 2023	21,293	21,293	
May 1, 2024	53,292	21,292	32,000
November 1, 2024	20,613	20,613	
May 1, 2025	53,612	20,612	33,000
November 1, 2025	19,911	19,911	
May 1, 2026	54,911	19,911	35,000
November 1, 2026	19,168	19,168	
May 1, 2027	55,167	19,167	36,000
November 1, 2027	18,403	18,403	
May 1, 2028	56,402	18,402	38,000
November 1, 2028	17,595	17,595	
May 1, 2029	57,595	17,595	40,000
November 1, 2029	16,745	16,745	
May 1, 2030	57,745	16,745	41,000
November 1, 2030	15,874	15,874	
May 1, 2031	59,874	15,874	44,000
November 1, 2031	14,939	14,939	
May 1, 2032	60,939	14,939	46,000
November 1, 2032	13,961	13,961	

VILLAGE OF BALDWIN, MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2033	61,961	13,961	48,000
November 1, 2033	12,941	12,941	
May 1, 2034	61,941	12,941	49,000
November 1, 2034	11,900	11,900	
May 1, 2035	63,900	11,900	52,000
November 1, 2035	10,795	10,795	
May 1, 2036	64,795	10,795	54,000
November 1, 2036	9,648	9,648	
May 1, 2037	65,647	9,647	56,000
November 1, 2037	8,458	8,458	
May 1, 2038	67,457	8,457	59,000
November 1, 2038	7,204	7,204	
May 1, 2039	69,204	7,204	62,000
November 1, 2039	5,886	5,886	
May 1, 2040	70,886	5,886	65,000
November 1, 2040	4,505	4,505	
May 1, 2041	72,505	4,505	68,000
November 1, 2041	3,060	3,060	
May 1, 2042	74,060	3,060	71,000
November 1, 2042	1,551	1,551	
May 1, 2043	74,551	1,551	73,000
	<u>\$ 2,504,323</u>	<u>\$ 1,271,323</u>	<u>\$ 1,233,000</u>

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Sanitary Sewer System Revenue Bonds
<u>PURPOSE</u>	Construction of Sanitary Sewer System
<u>DATE OF ISSUE</u>	March 8, 1996
<u>INTEREST RATE</u>	5.00%
<u>INTEREST PAYABLE</u>	March 1st and September 1st of each year

<u>AMOUNT OF ISSUE</u>		\$	855,000
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BONDS RETIRED

Prior Years	\$	94,000	
Current Year		<u>11,500</u>	<u>105,500</u>

<u>BALANCE OUTSTANDING</u> - February 29, 2008		\$	<u><u>749,500</u></u>
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<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2008	\$ 18,737	\$ 18,737	
March 1, 2009	31,237	18,737	\$ 12,500
September 1, 2009	18,425	18,425	
March 1, 2010	31,425	18,425	13,000
September 1, 2010	18,100	18,100	
March 1, 2011	32,100	18,100	14,000
September 1, 2011	17,750	17,750	
March 1, 2012	33,250	17,750	15,500
September 1, 2012	17,362	17,362	
March 1, 2013	32,862	17,362	15,500

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2013	16,975	16,975	
March 1, 2014	33,475	16,975	16,500
September 1, 2014	16,562	16,562	
March 1, 2015	33,562	16,562	17,000
September 1, 2015	16,137	16,137	
March 1, 2016	34,137	16,137	18,000
September 1, 2016	15,687	15,687	
March 1, 2017	34,687	15,687	19,000
September 1, 2017	15,212	15,212	
March 1, 2018	35,712	15,212	20,500
September 1, 2018	14,700	14,700	
March 1, 2019	35,200	14,700	20,500
September 1, 2019	14,187	14,187	
March 1, 2020	36,187	14,187	22,000
September 1, 2020	13,637	13,637	
March 1, 2021	36,638	13,638	23,000
September 1, 2021	13,063	13,063	
March 1, 2022	37,063	13,063	24,000
September 1, 2022	12,463	12,463	
March 1, 2023	37,963	12,463	25,500
September 1, 2023	11,825	11,825	
March 1, 2024	38,325	11,825	26,500
September 1, 2024	11,163	11,163	
March 1, 2025	39,163	11,163	28,000
September 1, 2025	10,463	10,463	
March 1, 2026	39,963	10,463	29,500
September 1, 2026	9,725	9,725	
March 1, 2027	40,225	9,725	30,500
September 1, 2027	8,963	8,963	
March 1, 2028	40,963	8,963	32,000
September 1, 2028	8,163	8,163	
March 1, 2029	42,663	8,163	34,500
September 1, 2029	7,300	7,300	
March 1, 2030	42,800	7,300	35,500



VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2030	6,413	6,413	
March 1, 2031	44,413	6,413	38,000
September 1, 2031	5,463	5,463	
March 1, 2032	44,963	5,463	39,500
September 1, 2032	4,475	4,475	
March 1, 2033	46,475	4,475	42,000
September 1, 2033	3,425	3,425	
March 1, 2034	46,925	3,425	43,500
September 1, 2034	2,338	2,338	
March 1, 2035	47,838	2,338	45,500
September 1, 2035	1,200	1,200	
March 1, 2036	49,200	1,200	48,000
	\$ 1,409,327	\$ 659,827	\$ 749,500

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Sanitary Sewer System Revenue Bonds
<u>PURPOSE</u>	Construction of Sanitary Sewer System
<u>DATE OF ISSUE</u>	June 3, 2000
<u>INTEREST RATE</u>	4.375%
<u>INTEREST PAYABLE</u>	March 1st and September 1st of each year
<u>AMOUNT OF ISSUE</u>	\$ 1,016,000
<u>BONDS RETIRED</u>	
Prior Years	\$ 73,000
Current Year	<u>13,000</u> 86,000
<u>BALANCE OUTSTANDING</u> - February 29, 2008	\$ <u><u>930,000</u></u>

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2008	\$ 20,344	\$ 20,344	
March 1, 2009	34,344	20,344	\$ 14,000
September 1, 2009	20,038	20,038	
March 1, 2010	34,038	20,038	14,000
September 1, 2010	19,731	19,731	
March 1, 2011	34,731	19,731	15,000
September 1, 2011	19,403	19,403	
March 1, 2012	35,403	19,403	16,000
September 1, 2012	19,053	19,053	
March 1, 2013	35,053	19,053	16,000
September 1, 2013	18,703	18,703	
March 1, 2014	35,703	18,703	17,000
September 1, 2014	18,331	18,331	

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
March 1, 2015	36,331	18,331	18,000
September 1, 2015	17,938	17,938	
March 1, 2016	36,938	17,938	19,000
September 1, 2016	17,522	17,522	
March 1, 2017	37,522	17,522	20,000
September 1, 2017	17,084	17,084	
March 1, 2018	38,084	17,084	21,000
September 1, 2018	16,625	16,625	
March 1, 2019	38,625	16,625	22,000
September 1, 2019	16,144	16,144	
March 1, 2020	39,144	16,144	23,000
September 1, 2020	15,641	15,641	
March 1, 2021	39,641	15,641	24,000
September 1, 2021	15,116	15,116	
March 1, 2022	40,116	15,116	25,000
September 1, 2022	14,569	14,569	
March 1, 2023	40,569	14,569	26,000
September 1, 2023	14,000	14,000	
March 1, 2024	42,000	14,000	28,000
September 1, 2024	13,388	13,388	
March 1, 2025	42,388	13,388	29,000
September 1, 2025	12,753	12,753	
March 1, 2026	42,753	12,753	30,000
September 1, 2026	12,097	12,097	
March 1, 2027	44,097	12,097	32,000
September 1, 2027	11,397	11,397	
March 1, 2028	44,397	11,397	33,000
September 1, 2028	10,675	10,675	
March 1, 2029	45,675	10,675	35,000
September 1, 2029	9,909	9,909	
March 1, 2030	46,909	9,909	37,000
September 1, 2030	9,100	9,100	
March 1, 2031	47,100	9,100	38,000
September 1, 2031	8,269	8,269	
March 1, 2032	48,269	8,269	40,000

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE  
YEAR ENDED FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2032	7,394	7,394	
March 1, 2033	49,394	7,394	42,000
September 1, 2033	6,475	6,475	
March 1, 2034	50,475	6,475	44,000
September 1, 2034	5,513	5,513	
March 1, 2035	51,513	5,513	46,000
September 1, 2035	4,506	4,506	
March 1, 2036	52,506	4,506	48,000
September 1, 2036	3,456	3,456	
March 1, 2037	54,456	3,456	51,000
September 1, 2037	2,341	2,341	
March 1, 2038	55,341	2,341	53,000
September 1, 2038	1,181	1,181	
March 1, 2039	55,181	1,181	54,000
	<u>\$ 1,727,392</u>	<u>\$ 797,392</u>	<u>\$ 930,000</u>

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT BONDS PAYABLE  
FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Tax Increment Bonds-Series 2002		
<u>PURPOSE</u>	The Bonds are being issued for the purpose of paying part of the cost of a		
<u>DATE OF ISSUE</u>	April 1, 2002		
<u>INTEREST PAYABLE</u>	April 1, and October 1, of Each Year		
<u>AMOUNT OF ISSUE</u>		\$	995,000
<u>BONDS RETIRED</u>			
Prior Years	\$	170,000	
Current Year		<u>40,000</u>	<u>210,000</u>
<u>BALANCE OUTSTANDING</u> - February 29, 2008		\$	<u><u>785,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
April 1, 2008		\$ 20,527	\$ 20,527	
October 1, 2008	5.50%	70,527	20,527	\$ 50,000
April 1, 2009		19,152	19,152	
October 1, 2009	5.50%	69,152	19,152	50,000
April 1, 2010		17,777	17,777	
October 1, 2010	5.50%	67,777	17,777	50,000
April 1, 2011		16,402	16,402	
October 1, 2011	5.00%	76,402	16,402	60,000
April 1, 2012		14,902	14,902	
October 1, 2012	5.00%	74,902	14,902	60,000
April 1, 2013		13,402	13,402	
October 1, 2013	5.00%	73,402	13,402	60,000
April 1, 2014		11,902	11,902	
October 1, 2014	5.10%	81,902	11,902	70,000
April 1, 2015		10,117	10,117	
October 1, 2015	5.15%	80,117	10,117	70,000
April 1, 2016		8,314	8,314	

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT BONDS PAYABLE  
FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
October 1, 2016	5.20%	78,314	8,314	70,000
April 1, 2017		6,494	6,494	
October 1, 2017	5.25%	86,494	6,494	80,000
April 1, 2018		4,394	4,394	
October 1, 2018	5.30%	84,394	4,394	80,000
April 1, 2019		2,274	2,274	
October 1, 2019	5.35%	87,274	2,274	85,000
		\$ 1,076,314	\$ 291,314	\$ 785,000

DENOMINATIONS

\$5,000 Each, or any Integral Multiple Thereof.

REDEMPTION PRIOR TO MATURITY

The Bonds or portions of the Bonds in multiples of  
Bonds called for redemption on or after October 1, 2010

SECURITY

The bonds are payable solely from the pledged tax  
The full faith and credit of the Villlage has not been  
pledged to secure repayment of the bonds.

VILLAGE OF BALDWIN, MICHIGAN

CAPITAL IMPROVEMENT BONDS, SERIES 2007A  
FEBRUARY 29, 2008

<u>PURPOSE</u>	Constructing, furnishing and equipping a facility to be used as the Village hall and fire barn.		
<u>DATE OF ISSUE</u>	April 17, 2007		
<u>INTEREST PAYABLE</u>	March 1, and September 1, of Each Year		
<u>AMOUNT OF ISSUE</u>		\$	650,000
<u>BONDS RETIRED</u>			
Prior Years	\$	0	
Current Year		<u>11,000</u>	<u>11,000</u>
<u>BALANCE OUTSTANDING</u> - February 29, 2008		\$	<u>639,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2008		\$ 13,179	\$ 13,179	
March 1, 2009	4.125%	24,179	13,179	\$ 11,000
September 1, 2009		12,953	12,953	
March 1, 2010	4.125%	24,953	12,953	12,000
September 1, 2010		12,705	12,705	
March 1, 2011	4.125%	24,705	12,705	12,000
September 1, 2011		12,458	12,458	
March 1, 2012	4.125%	25,458	12,458	13,000
September 1, 2012		12,189	12,189	
March 1, 2013	4.125%	26,189	12,189	14,000
September 1, 2013		11,901	11,901	
March 1, 2014	4.125%	25,901	11,901	14,000
September 1, 2014		11,612	11,612	
March 1, 2015	4.125%	26,612	11,612	15,000
September 1, 2015		11,303	11,303	
March 1, 2016	4.125%	26,303	11,303	15,000

VILLAGE OF BALDWIN, MICHIGAN

CAPITAL IMPROVEMENT BONDS, SERIES 2007A

FEBRUARY 29, 2008

DUE DATES	INTEREST RATES	REQUIREMENTS		
		TOTAL	INTEREST	PRINCIPAL
September 1, 2016		10,993	10,993	
March 1, 2017	4.125%	26,993	10,993	16,000
September 1, 2017		10,663	10,663	
March 1, 2018	4.125%	27,663	10,663	17,000
September 1, 2018		10,313	10,313	
March 1, 2019	4.125%	27,313	10,313	17,000
September 1, 2019		9,962	9,962	
March 1, 2020	4.125%	27,962	9,962	18,000
September 1, 2020		9,591	9,591	
March 1, 2021	4.125%	28,591	9,591	19,000
September 1, 2021		9,199	9,199	
March 1, 2022	4.125%	29,199	9,199	20,000
September 1, 2022		8,786	8,786	
March 1, 2023	4.125%	29,786	8,786	21,000
September 1, 2023		8,353	8,353	
March 1, 2024	4.125%	30,353	8,353	22,000
September 1, 2024		7,899	7,899	
March 1, 2025	4.125%	30,899	7,899	23,000
September 1, 2025		7,425	7,425	
March 1, 2026	4.125%	31,425	7,425	24,000
September 1, 2026		6,930	6,930	
March 1, 2027	4.125%	31,930	6,930	25,000
September 1, 2027		6,414	6,414	
March 1, 2028	4.125%	32,414	6,414	26,000
September 1, 2028		5,878	5,878	
March 1, 2029	4.125%	32,878	5,878	27,000
September 1, 2029		5,321	5,321	
March 1, 2030	4.125%	33,321	5,321	28,000
September 1, 2030		4,744	4,744	
March 1, 2031	4.125%	33,744	4,744	29,000
September 1, 2031		4,146	4,146	
March 1, 2032	4.125%	34,146	4,146	30,000
September 1, 2032		3,527	3,527	
March 1, 2033	4.125%	35,527	3,527	32,000



VILLAGE OF BALDWIN, MICHIGAN

CAPITAL IMPROVEMENT BONDS, SERIES 2007A

FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2033		2,867	2,867	
March 1, 2034	4.125%	35,867	2,867	33,000
September 1, 2034		2,186	2,186	
March 1, 2035	4.125%	36,186	2,186	34,000
September 1, 2035		1,485	1,485	
March 1, 2036	4.125%	36,485	1,485	35,000
September 1, 2036		763	763	
March 1, 2037	4.125%	37,763	763	37,000
		\$ 1,110,490	\$ 471,490	\$ 639,000

DENOMINATIONS

\$1,000 Each

SECURITY

The bonds are limited tax, full faith and credit obligations of the Village.

**VILLAGE OF BALDWIN, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED FEBRUARY 29, 2008**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PROGRAM OR AWARD AMOUNT	EXPENDITURES FOR THE YEAR ENDED FEBRUARY 29, 2008
<u>UNITED STATES DEPARTMENT OF AGRICULTURE-RURAL DEVELOPMENT</u>			
Consolidated Farm and Rural Development Act	10.766	700,000	\$ 649,644
Reconciliation to financial statements			
Amount recorded as Other Financing Sources within the Fire Hall Construction Fund			\$ 649,644

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1) Basis of presentation-

The schedule of expenditures of federal awards includes the federal loan activity of the Village of Baldwin and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
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October 22, 2008

### REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and Village Council  
Village of Baldwin, Michigan

#### Compliance

We have audited the compliance of the Village of Baldwin with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended February 29, 2008. The Village of Baldwin's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Village of Baldwin's management. Our responsibility is to express an opinion on the Village of Baldwin's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Baldwin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village of Baldwin's compliance with those requirements.

In our opinion, the Village of Baldwin complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended February 29, 2008.

#### Internal Control Over Compliance

The management of the Village of Baldwin is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Baldwin's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not

for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. The Village of Baldwin's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village of Baldwin's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Village Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

VILLAGE OF BALDWIN, MICHIGAN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED FEBRUARY 29, 2008

**Section I - Summary of Auditors Results**

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***Financial Statements***

Type of auditors' report issued: Unqualified

Material weakness(es) identified:   X   Yes        No

Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes        No

Noncompliance material to financial statements noted?        Yes   X   No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified:        Yes   X   No

Significant deficiencies identified that are not considered to be material weakness(es)?        Yes   X   None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?   X   Yes        No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.766	Consolidated Farm and Rural Development Act

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?        Yes   X   No

VILLAGE OF BALDWIN, MICHIGAN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED FEBRUARY 29, 2008

**Section II – Financial Statement Findings**

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2008-A

Significant Deficiency:

Ability to Prepare Financial Statements

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Village's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting). As is the case with most small and medium-sized entities, the Village has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Village's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot, by definition, be considered a part of the government's *internal* controls. This condition was caused by the Village's determination that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Village to perform this task internally.

Corrective Action Plan

The Village plans to continue relying on its external auditors to prepare the financial statements.

2008-B

Significant Deficiency:

Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the Village make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Council must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

Corrective Action Plan

The Council has decided that at this time it is not economically feasible to add personnel for the sole purpose of enhancing segregation of duties.

VILLAGE OF BALDWIN, MICHIGAN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED FEBRUARY 29, 2008

**Section II – Financial Statement Findings**

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2008-C

Significant Deficiency:

Utility Accounts Receivable not Reconciled to Sub Ledger

Balances from the utilities billing software are not being reconciled to the related accounts receivable control accounts in the Water and Sewer Fund. The account balances in each funds general ledger should be reconciled to the aged accounts receivable report generated by the billing software on a monthly basis to ensure that all billing and collection transactions are being recorded properly. Care must be taken that the same cutoff is used for depositing and recording the receipts in the general ledgers as is used for posting transactions to the billing program.

Corrective Action Plan

The Village will look into developing monthly reconciliation procedures.

# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

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October 22, 2008

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Village Council  
Village of Baldwin  
Baldwin, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Baldwin, Michigan, as of and for the year ended February 29, 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village of Baldwin, Baldwin, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Baldwin, Baldwin, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Baldwin, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Baldwin's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Baldwin's financial statements that is more than inconsequential will not be prevented or detected by the Village of Baldwin's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2008-A, 2008-B and 2008-C to be significant deficiencies in internal control over financial reporting.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Of the significant deficiencies described above, we consider numbers 2008-A, and 2008-C to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Baldwin, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Village Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

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October 22, 2008

### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the President and Village Council  
Village of Baldwin, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Baldwin, Michigan for the year ended February 29, 2008, and have issued our report thereon dated October 22, 2008. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated October 7, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Village of Baldwin, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Village of Baldwin, Michigan's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Baldwin, Michigan are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit except as noted in the Single Audit significant deficiencies section.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Our adjusting journal entries are attached.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 6, 2008.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

- 1) Budgeting – The Village's actual expenditures exceeded appropriations in certain areas of the General Fund, and in total in the Fire Fund. State law requires that the Village amend its budget prior to incurring expenditures that would otherwise exceed appropriations. In addition, state law requires that the format of the budgets include beginning and ending fund balances. The budgets adopted by the Village only included revenues and expenditures.
- 2) Credit Card Policy – The District currently uses a credit card. State law requires the Council to adopt a policy regarding credit card use and control.
- 3) Utility Receivables – Balances from the utilities billing software are not being reconciled to the related accounts receivable control accounts in the Water and Sewer Funds. The account balances in each funds general ledger should be reconciled to the aged accounts receivable report generated by the billing software on a monthly basis to ensure that all billing and collection transactions are being recorded properly. Care must be taken that the same cutoff is used for depositing and recording the receipts in the general ledgers as is used for posting transactions to the billing program.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*